

29th October 2019

Australian Securities Exchange Announcement

Dear Shareholder

Extraordinary General Meeting – Notice of Meeting and Proxy Form

Notice is hereby given that an Extraordinary General Meeting (Meeting) of Shareholders of Leaf Resources Limited (LER, the Company) will be held at 1.00 pm (AEST) on 27 November 2020.

The venue or other arrangements will be announced once finalised.

The Company will not be dispatching physical copies of the Notice of Meeting. Instead, in accordance with clause 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020* (Cth) made by the Commonwealth Treasurer on 5 May 2020, the Notice of Meeting is being made available to shareholders electronically and can be viewed and downloaded online at the following link page:

<http://investor.leafresources.com.au/agm.html>

The Notice of Meeting will also be available on ASX's website, under the Company's ticker code LER. All resolutions for the Meeting will be decided via a poll. The poll will be conducted based on votes submitted by proxy, together with any votes cast at the Meeting.

Due to the ongoing COVID-19 situation, the Company strongly encourages you to vote via proxy for the purposes of the Meeting, rather than attending in person. A personalised Proxy Form is attached to this letter.

LER is also encouraging you to lodge your proxy votes online. To do that, you can login to www.linkmarketservices.com.au using the holding details (SRN or HIN) which will be on your personalised Proxy Form sent to you via email or mail. Once logged in, select Voting and follow the prompts to lodge your vote.

If you have any problems accessing the proxy voting screen(s), please contact LER's share registry - Link Market Services Limited on 1300 554 474 or via email at: registrars@linkmarketservices.com.au

Proxy instructions must be received no later than 48 hours before the commencement of the Meeting.

By Order of the Board of Directors

Tim Pritchard

Company Secretary, Leaf Resources Limited

info@leafresources.com.au

LEAF RESOURCES LIMITED
ACN 074 969 056
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 1:00 pm (EST, as observed in Brisbane)

DATE: Friday, 27 November 2020

PLACE: To be confirmed, shareholders will be notified of further details in due course.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 6:00pm (EST, as observed in Brisbane) on Wednesday, 25 November 2020.

IMPORTANT NOTES

ESSENTIAL RESOLUTIONS

As announced on 16 July 2020, the Company has conditionally agreed to acquire 100% of the issued capital of Essential Queensland Pty Ltd (ACN 617 150 320), a sustainable pine chemical company (**EQ**), from the shareholders of EQ (**Vendors**) (**Acquisition**).

Resolutions 1 to Resolution 21 of this Notice are the Resolutions required to enable the Company to complete the Acquisition (the **Essential Resolutions**). Each Essential Resolution is conditional upon the passing of each other Essential Resolution. **If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and completion of the Acquisition will not occur.**

INDEPENDENT EXPERT'S REPORT

Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of the Shareholder approval required under section 611 item 7 of the Corporations Act and ASX Listing Rule 10.1 (refer to Resolutions 3, 5 and 6). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders.

The Independent Expert has determined:

- (a) the transaction the subject of Resolution 3, is **NOT FAIR BUT IS REASONABLE** to the non-associated Shareholders; and
- (b) the transactions the subject of Resolutions 5 and 6, are **FAIR AND REASONABLE** to the non-associated Shareholders.

BOARD RECOMMENDATION

The Directors (other than Mr Ken Richards who has a material personal interest in the Acquisition by virtue of being a Vendor) believe the Acquisition is in the best interests of Shareholders and accordingly, recommend that Shareholders vote in favour of each of the Essential Resolutions, being those Resolutions required for completion of the Acquisition to occur.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF ESSENTIAL QUEENSLAND PTY LTD

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Acquisition, as described in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company has agreed to acquire, and the Vendors have agreed to sell, 100% of the issued capital of EQ. If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities. In addition, ASX has also advised the Company that it will also be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for further details.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 20 Shares be consolidated into 17 Shares;*
- (b) every 20 Options be consolidated into 17 Options; and*
- (c) every 20 Performance Rights be consolidated into 17 Performance Rights,*

(Consolidation) and, where this Consolidation results in a fraction of a Security being held, the Company be authorised to round that fraction up to the nearest whole Security (as the case may be)."

3. RESOLUTION 3 – APPROVAL TO ISSUE CONSIDERATION SHARES TO RELATED AND FOUNDER VENDOR – RAMON MOUNTFORT AND SHIRLEY MOUNTFORT ATF MOUNTIES1 FAMILY TRUST

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 611 (item 7) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for:

- (a) the issue of 590,700,000 Shares (on a post-Consolidation basis) to Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust; and*
- (b) the acquisition of a relevant interest in the issued voting shares of the Company by Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust, otherwise prohibited by section 606(1) of the Corporations Act by virtue of the issue of Shares referred to above, which will result in Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust voting power in the capital of the Company increasing from 0% to 40.32%;*

on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of EQ from the Vendors. The Company seeks Shareholder approval for the issue of 590,700,000 Consideration Shares (on a post-Consolidation basis) to Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust (the **Founder Shareholder**) in consideration for the acquisition of 17,900,000 EQ Shares held by the Founder Shareholder (equal to a 58.07% in EQ) in accordance with ASX Listing Rule 10.11 and section 611 (item 7) of the Corporations Act. The Founder Shareholder paid cash consideration for its EQ Shares and has agreed to a voluntary escrow period of 24 months from the date of issue of the Consideration Shares.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by PKF for the purpose of the Shareholder approval required under section 611(item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the issue of the Consideration Shares to the Founder Shareholder under the Acquisition to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the Consideration Shares to the Founder Shareholder under the Acquisition is **NOT FAIR BUT IS REASONABLE** to the non-associated Shareholders.

4. **RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO UNRELATED VENDORS**

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 315,887,533 Consideration Shares (on a post-Consolidation basis) to the Unrelated Vendors in consideration for the Acquisition on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company will acquire 100% of the issued capital of EQ from the Vendors. The Company seeks Shareholder approval for the issue of 315,887,533 Consideration Shares to the Unrelated Vendors in accordance with ASX Listing Rule 7.1. Each Unrelated Vendor paid cash consideration for its EQ Shares.

5. **RESOLUTIONS 5 AND 6 – ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDORS – THE RICHARDS ENTITIES**

5.1 **RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDOR – GROWTH CAPITAL (WA) PTY LTD ATF THE RICHARDS FAMILY TRUST**

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

“That, for the purposes of ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to issue:

- (a) 13,200,000 Consideration Shares;*
- (b) 4,852,914 Class A Consideration Options; and*
- (c) 24,750,000 Class B Consideration Options,*

(all on a post-Consolidation basis) to Growth Capital (WA) Pty Ltd ATF the Richards Family Trust (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

5.2 RESOLUTION 6 – ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDOR – KELIRI PTY LTD ATF THE RICHARDS FAMILY SUPERANNUATION FUND

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

“That, for the purposes of Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to issue:

- (a) 30,558,000 Consideration Shares; and*
- (b) 4,852,947 Class A Consideration Options,*

(all on a post-Consolidation basis) to Keliri Pty Ltd ATF the Richards Family Superannuation Fund (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of EQ from the Vendors. The Company seeks Shareholder approval for the issue of the following securities (all on a post-Consolidation basis) to entities controlled by Director, Ken Richards (the **Richards Entities**):

- (a) 13,200,000 Consideration Shares to Growth Capital (WA) Pty Ltd ATF the Richards Family Trust (**Growth Capital**) in consideration for the acquisition of 400,000 EQ Shares held by Growth Capital (equal to a 1.3% interest in EQ) (pursuant to Resolution 5);
- (b) 4,852,914 Class A Consideration Options and 24,750,000 Class B Consideration Options in consideration for the cancellation of 897,059 EQ Options held by Growth Capital (pursuant to Resolution 5);
- (c) 30,558,000 Consideration Shares to Keliri Pty Ltd ATF the Richards Family Superannuation Fund (**Keliri**) in consideration for the acquisition of 926,000 EQ Shares held by Keliri (equal to a 3% interest in EQ) (pursuant to Resolution 6); and
- (d) 4,852,947 Class A Consideration Options in consideration for the cancellation of 147,058 EQ Options held by Keliri (pursuant to Resolution 6),

under the Acquisition Agreements in accordance with ASX Listing Rules 10.1 and 10.11.

The Company notes that:

- (a) Growth Capital and Keliri paid cash consideration for their EQ Shares;
- (b) 9,705,861 EQ Options were issued to Growth Capital and Keliri as free attaching Options on a 1 for 2 basis for EQ Shares acquired on 1 December 2019; and
- (c) 24,750,000 EQ Options were issued to Growth Capital as a nominee of Mr Richards under EQ's incentive and retention scheme.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by PKF for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the issue of the Consideration Securities to the Richards Entities to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the Consideration Securities to the Richards Entities under the Acquisition is **FAIR AND REASONABLE** to the non-associated Shareholders.

6. RESOLUTIONS 7 AND 8 – ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDORS – THE GRAY ENTITIES

6.1 RESOLUTION 7 – ISSUE OF CONSIDERATION SHARES TO RELATED VENDOR – TERENCE GRAY AND ELIZABETH GRAY ATF THE T+E GRAY S/F

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 8,750,000 Consideration Shares (on a post-Consolidation basis) to Terence Gray and Elizabeth Gray ATF the T+E Gray S/F on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

6.2 RESOLUTION 8 – ISSUE OF CONSIDERATION PERFORMANCE RIGHTS TO RELATED VENDOR – MR TERENCE GRAY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 16,500,000 Consideration Performance Rights (on a post-Consolidation basis) to Mr Terence Gray on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of EQ from the Vendors. The Company seeks Shareholder approval for the issue of following securities (all on a post-Consolidation basis) to an entity controlled by Proposed Director, Terence Gray and Terence Gray in his personal capacity (the **Gray Entities**):

- (a) 8,750,000 Consideration Shares to Terence Gray and Elizabeth Gray ATF the T+E Gray S/F (Gray S/F) in consideration for the acquisition of 265,152 EQ Shares (equal to a 0.86% interest in EQ) held by the Gray S/F (pursuant to Resolution 7); and
- (b) 16,500,000 Consideration Performance Rights to Terence Gray in consideration for the cancellation of 500,000 EQ Performance Rights held by Terence Gray (pursuant to Resolution 8),

under the Acquisition Agreements in accordance with ASX Listing Rule 10.11.

The Gray S/F paid cash consideration for its EQ Shares and Mr Gray received EQ Performance Rights under EQ's incentive and retention scheme.

7. RESOLUTIONS 9 AND 10 – ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDORS – THE YEATMAN ENTITIES

7.1 RESOLUTION 9 – ISSUE OF CONSIDERATION SHARES TO RELATED VENDOR – GRANT YEATMAN ATF THE GC FAMILY TRUST

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 58,162,500 Consideration Shares (on a post-Consolidation basis) to Grant Yeatman ATF the GC Family Trust on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

7.2 RESOLUTION 10 – ISSUE OF CONSIDERATION PERFORMANCE RIGHTS TO RELATED VENDOR – MR GRANT YEATMAN

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 16,500,000 Consideration Performance Rights (on a post-Consolidation basis) to Mr Grant Yeatman on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Short Explanation: The Company has entered into Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of EQ from the Vendors. The Company seeks Shareholder approval for the issue of following securities (all on a post-Consolidation basis) to an entity controlled by Proposed Director, Grant Yeatman and Grant Yeatman in his personal capacity (the **Gray Entities**):

- (a) 58,162,500 Consideration Shares to Grant Yeatman ATF the GC Family Trust (GC Family Trust) in consideration for the acquisition of 1,762,500 EQ Shares (equal to a 5.72% in EQ) held by GC Family Trust (pursuant to Resolution 9); and
- (b) 16,500,000 Consideration Performance Rights to Grant Yeatman in consideration for the cancellation of 500,000 EQ Performance Rights held by Grant Yeatman (pursuant to Resolution 10).

under the Acquisition Agreements in accordance with ASX Listing Rule 10.11.

The GC Family Trust paid cash consideration for its EQ Shares and Mr Yeatman received EQ Performance Rights under EQ's incentive and retention scheme.

8. RESOLUTION 11 – ISSUE OF SHARES PURSUANT TO PUBLIC OFFER

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 150,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.02 per Share on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

9. RESOLUTION 12 – ISSUE OF CORPORATE ADVISOR SHARES TO TEGIS PTY LTD

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares (on a post-Consolidation basis) to Tegis Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

10. RESOLUTION 13 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO MR DOUG RATHBONE

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,101,850 Shares (on a post-Consolidation basis) to Mr Doug Rathbone (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

11. RESOLUTION 14 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO MR KEN RICHARDS

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,646,350 Shares (on a post-Consolidation basis) to Mr Ken Richards (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

12. RESOLUTION 15 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO MR ALEX BAKER

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,506,200 Shares (on a post-Consolidation basis) to Mr Alex Baker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

13. RESOLUTION 16 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO MR WILLIAM BAUM

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,041,650 Shares (on a post-Consolidation basis) to Mr William Baum (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

14. RESOLUTION 17 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO MR MATTHEW MORGAN

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 458,350 Shares (on a post-Consolidation basis) to Mr Matthew Morgan (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

15. RESOLUTION 18 – ELECTION OF PROPOSED DIRECTOR – MR RAMON MOUNTFORT

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of article 84 of the Articles of Association and for all other purposes, Mr Ramon Mountfort, being eligible, is elected as a Director with effect from completion of the Acquisition.”

16. RESOLUTION 19 – ELECTION OF PROPOSED DIRECTOR – MR GRANT YEATMAN

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of article 84 of the Articles of Association and for all other purposes, Mr Grant Yeatman, being eligible, is elected as a Director with effect from completion of the Acquisition.”

17. RESOLUTION 20 – ELECTION OF PROPOSED DIRECTOR – MR TERENCE GRAY

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of article 84 of the Articles of Association and for all other purposes, Mr Terence Gray, being eligible, is elected as a Director with effect from completion of the Acquisition.”

18. RESOLUTION 21 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Performance Rights and Options Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

19. RESOLUTION 22 – REPLACEMENT OF ARTICLES OF ASSOCIATION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Articles of Association and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

Dated: 28 October 2020

By order of the Board

Alex Baker
Director

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The Chair intends to vote undirected proxies on, and in favour of, all Resolutions.

Voting in person

The place of the meeting and instructions as to how to vote in person are to be confirmed.

Shareholders will be notified of these details in due course.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 7 3375 1168.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolutions set out below by or on behalf of the following parties:

Resolution	Voting Exclusion Statement
Resolution 1 – Approval of Acquisition of Essential Queensland Pty Ltd	The Vendors, being the counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person or those persons.
Resolution 3 – Approval of Issue of Consideration Shares to Related and Founder Vendor – Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust	Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust and Raymon Mountfort (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 4 – Approval to Issue Consideration Shares to Unrelated Vendors	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) namely the Unrelated Vendors or their nominees or an associate of that person (or those persons).
Resolution 5 – Issue of Consideration Shares and Options to Related Vendor – Growth Capital (WA) Pty Ltd ATF The Richards Family Trust	Growth Capital (WA) Pty Ltd ATF The Richards Family Trust, Kelri Pty Ltd ATF the Richards Family Superannuation Fund and Mr Ken Richards (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 6 – Issue of Consideration Securities to Related Vendor – Keliri Pty Ltd ATF The Richards Family Superannuation Fund	
Resolution 7 – Issue of consideration Shares to Related Vendor – Terence Gray and Elizabeth Gray ATF the T+E Gray S/F	Terence Gray and Elizabeth Gray ATF The T+E Gray S/F and Terence Gray (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 8 – Issue of Consideration Performance Rights to Related Vendor – Mr Terence Gray	
Resolution 9 – Issue of Consideration Performance Rights to Related Vendor – Grant Yeatman ATF The GC Family Trust	Grant Yeatman ATF The GC Family Trust and Mr Grant Yeatman (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 10 – Issue of Consideration Performance Rights to Related Vendor – Mr Grant Yeatman	

Resolution	Voting Exclusion Statement
Resolution 11 – Issue of Shares Pursuant to Public Offer	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) namely the participants of the Public Offer or an associate of that person (or those persons).
Resolution 12 – Issue of Corporate Advisor Shares to Tegis Pty Ltd	Tegis Pty Ltd and Mr Terence Gray (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 13 – Approval to Issue Debt Conversion Shares to Mr Doug Rathbone	Mr Doug Rathbone (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 14 – Approval to Issue Debt Conversion Shares to Mr Ken Richards	Mr Ken Richards (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 15– Approval to Issue Debt Conversion Shares to Mr Alex Baker	Mr Alex Baker and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 16– Approval to Issue Debt Conversion Shares to Mr William Baum	Mr William Baum and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 17 – Approval to Issue Debt Conversion Shares to Mr Matthew Morgan	Mr Matthew Morgan and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 21 – Adoption of Incentive Performance Rights and Options Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (c) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (d) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statements

Resolution	Voting Prohibition Statement
Resolution 12 – Issue of Corporate Advisor Shares to Tegis Pty Ltd	In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Excluded Party.
Resolution 13 – Approval to Issue Debt Conversion Shares to Mr Doug Rathbone	
Resolution 14 – Approval to Issue Debt Conversion Shares to Mr Ken Richards	In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:
Resolution 15 – Approval to Issue Debt Conversion Shares to Mr Alex Baker	(a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and
Resolution 16 – Approval to Issue Debt Conversion Shares to Mr William Baum	(b) the appointment does not specify the way the proxy is to vote on this Resolution.
Resolution 17 – Approval to Issue Debt Conversion Shares to Mr Matthew Morgan	Provided the Chair is not an Excluded Party, the above prohibition does not apply if:
	(a) the proxy is the Chair; and
	(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 21 – Adoption of Incentive Performance Rights and Options Plan	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p> <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and <p>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>However, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE ACQUISITION OF ESSENTIAL QUEENSLAND PTY LTD

1.1 Background to Acquisition

On 16 July 2020, the Company announced that it was proposing to acquire 100% of the issued capital of Essential Queensland Pty Ltd (ACN 617 150 320) (**EQ**), an Australian proprietary company which operates a sustainable pine chemical business (**Acquisition**).

On the same date, trading in the Company's Securities was suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules following completion of the Acquisition. The Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and satisfying all other requirements of ASX for the reinstatement of the Company's Securities to Official Quotation on the ASX (among other things).

1.2 Summary of Resolutions

As set out in the Important Notes above, this Notice of Meeting sets out the Resolutions necessary to enable completion of the Acquisition to occur (**Essential Resolutions**). Each of the Essential Resolutions is conditional upon the approval by Shareholders of each of the other Essential Resolutions. **If any of the Essential Resolutions are not approved by the requisite majority of Shareholders, all of the Essential Resolutions will fail, and completion of the Acquisition will not occur.**

A summary of the Essential Resolutions is as follows:

- (a) the Acquisition, if successfully completed, will constitute a significant change in the nature and scale of the Company's activities, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (being, the purpose of Resolution 1);
- (b) the consolidation of the Company's Securities on a 20:17, which will result in the Company having 300,984,272 Shares, 10,602,663 Options and 826,710 Performance Rights on issue (on a post-Consolidation basis) (being, the purpose of Resolution 2);
- (c) approval for the issue of Shares to the majority and founding shareholder of EQ, Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust (or its nominee) (the **Founder Shareholder**) in consideration for the acquisition by the Company of all of the EQ Shares held by the Founder Shareholder and approval for the acquisition of a relevant interest in such Shares, which results the relevant interest of the Founder Shareholder in the Company increasing from 0% to 40.32% (Resolution 3);
- (d) approval for the issue of Securities to the minority unrelated and related security holders of EQ (the **Unrelated Vendors** and **Related Vendors** (respectively)) in consideration for the acquisition by the Company of the EQ Shares, and cancellation of the EQ Options and EQ Performance

Rights, held by the Unrelated Vendors and Related Vendors (**Consideration Securities**) (Resolutions 4 to 10);

- (e) as a result of the Acquisition, the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing, on a post-Consolidation basis, up to 150,000,000 Shares at \$0.02 per Share to raise \$3,000,000 (**Public Offer**) (Resolution 11);
- (f) approval for the issue of Shares to Tegis Pty Ltd, the Company's corporate advisor and a related party of the Company by virtue of being an entity controlled by Terence Gray, a Proposed Director (Resolution 12);
- (g) approval for the conversion of amounts owed by the Company to its Directors and Company Secretary (comprising, unpaid fees for services for the 2020 financial year) into Shares (Resolutions 13 to 17);
- (h) the appointment of Messrs Terence Gray, Ramon Mountfort and Grant Yeatman as Directors of the Company upon completion of the Acquisition (Resolutions 18 to 20); and
- (i) the adoption of the Incentive Option Plan (Resolution 21).

In addition, the Company is seeking Shareholder approval for the adoption of a new Constitution in place of its Articles of Association (Resolution 22). Resolution 22 is not an Essential Resolution and as such, will be passed where Shareholder approval is obtained, even where the Essential Resolutions are not approved by Shareholders and the Acquisition does not complete.

1.3 Acquisition of EQ

(a) Background to EQ

EQ is an Australian proprietary company which operates a sustainable pine chemical company and manufactures gum rosin and gum turpentine from pine trees. EQ was established in early 2017 to develop and commercialise sustainable extraction and processing technology to produce pine chemicals.

Since establishment, EQ has developed a proprietary process to extract rosin and terpenes from pine logs, producing the highest quality, clean gum rosin and terpenes which are used in a multitude of consumer products, including perfumes, cosmetics, food additives, adhesives, disinfectants, synthetic rubbers and printing inks. EQ believes its natural extraction process gives it a competitive advantage over other producers in terms of efficiency/cost of production, sustainability and quality.

(b) History of EQ

The idea to extract and produce rosin and terpenes directly from wood was formed in July 2000 when the founder of EQ, Ramon (Ray) Mountfort was working for a New Zealand based company that extracts rosin and terpenes from the by-products of the Kraft pulping process and adds value to them through further processing. Supply was short and the opportunity identified that plantation trees were not being suitably exploited for pine chemicals. Since this time, Ray has been developing this process. In July 2016, Ray and his family moved to

Gympie in Queensland, Australia and started to develop the natural pine chemicals opportunity.

Queensland was chosen after considering:

- (i) access and quality of the raw material resource;
- (ii) supply cost and yield advantages;
- (iii) climate advantages (many countries only produce in the hotter months); and
- (iv) government stability advantages.

Since establishment:

- (i) EQ has developed unique and innovative processes that gives EQ a genuine disruptive cost advantage in manufacturing these valuable commodities from resinous pine plantations post-harvest;
- (ii) EQ has secured a 5-year supply contract of resinous logs that gives EQ full control of the logs from harvest to production, with such logs delivered to the EQ site at attractive rates;
- (iii) EQ has developed a process that removes the low yielding wood prior to processing, which the board of EQ believes enables EQ to increase its production capacity at minimal extra capital expenditure; and
- (iv) EQ exported its first order of terpenes to a blue-chip natural chemicals company based in Japan and obtained a five year sales agreement, with a 5 year right of renewal.

(c) **Business Model of EQ**

EQ has a simple business model, the processing of pine logs into pine chemicals which are sold to downstream vendors and selling agents.

These pine chemical products are used in a wide array of consumer goods including paints, inks, adhesives, perfumes, flavours in soft drinks and food, fragrances in soaps and household cleaners, disinfectants, food additives, vitamins, automobile tires, and many more applications. Consumers touch, smell, and consume pine chemical products every day.

Main producers are located in North America, Europe, China, South America. The rest of the world (ROW) includes Central America, India, Indonesia, Japan, Pakistan, Russia, South Africa, Vietnam.

EQ believes its natural extraction process gives it a competitive advantage over other producers in terms of efficiency/cost of production, sustainability and quality.

There are three processes commonly used to extract rosin and terpenes from pine trees:

- (i) Crude tall oil (**CTO**), a by-product of the pulp industry using the Kraft process, is fractionated to produce rosin and terpenes (tall oil rosin and terpenes). Whilst CTO is renewable, it is an

environmentally unfriendly process as it creates serious waste streams with harmful impacts.

- (ii) Crude wood or exudates collected from incisions made in the tree trunk (known as Tappers production) is distilled into terpenes and rosin (gum rosin and terpenes). This production is seasonal and labour intensive.
- (iii) Pine wood (stumps) is processed via solvent-extracted using hexane and then distilled to separate terpenes and rosin (wood rosin and terpenes). Hexane is a toxic and potentially dangerous chemical. EQ uses a natural benign solvent.

Wood and gum rosin products have only trace mineral content making them suitable for a much broader range of value-added products than tall oil products. Therefore, wood and gum rosins command a premium in the market place.

EQ's unique strategy uses 'Natural Oleoresin'. Although the process is very similar to wood rosin production it is differentiated because it has the clean environmental advantages of gum rosin such as zero sulphur (more environmentally safe, easier to transport, handle, process) and is renewable as it is only sourced from replanted managed plantations. EQ's manufacturing process uses a natural organic solvent that has no trace elements of harmful chemicals in either the pine chemicals produced or the wastewater streams.

(d) Recent Activities undertaken by EQ

In 2019, EQ commissioned a pilot plant with 4,000 tonne pine chemical production per annum at its Apple Tree Creek site in Isis Central, Queensland. Currently, EQ is constructing an 8,000 tonne per annum commercial scale pine chemical plant on the same site. The new fully funded plant is expected to be commissioned in the final quarter of this calendar year, with full operating capacity expected in April 2021. At full operating capacity, the pine chemical extraction plant is expected to produce 8,000 tonne of pine chemical production per annum

In addition, EQ has secured a supply of pine logs from an existing sustainable pine plantation to meet production requirements. This supply provides EQ with full control of the logs from harvest to production and includes delivery to EQ's Apple Tree Creek site at commercial rates.

1.4 Rationale for Acquisition and Synergies

Leaf and EQ's technologies enable the replacement of petroleum-based chemicals and plastics with the aim of moving society towards the bio economy. EQ and Leaf have highly aligned goals and aims. Both Leaf and EQ:

- (a) focus on sustainable and renewable products produced from woody biomass; and
- (b) possess proprietary organic solvent extraction technologies.

The Acquisition of EQ by Leaf will result in a business that leverages complementary technology platforms to address large and growing global markets for a range of sustainable chemical products. The extraction process employed by EQ results in a cellulosic 'waste' product that is a potential feedstock to Leaf's proprietary Glycell process further extending the product

opportunities. In addition, there is an established commodity market for pine chemicals, with multiple large customers and strong demand for quality products and it is the view of the boards of the Company and EQ that following completion of the Acquisition, the Company and EQ will be well positioned to exploit this market.

EQ's growth strategy in the global pine chemical market includes potential brownfield expansion at the existing site as well as the development of multiple commercial scale extraction plants at different locations in Australia and overseas. This too, is complementary with the Company's growth strategy of providing sustainable product to the large and growing global markets for renewable chemicals.

As recently disclosed to market, the Company has been seeking to identify strategic and complimentary acquisition opportunities, with a focus on the renewal and agricultural sectors. The Company believes the Acquisition fits squarely within this strategy, is highly complementary to its current technology, projects, and operations, and presents a significant opportunity for increase in Shareholder value.

1.5 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that the change in the nature and scale of the Company's activities is a back-door listing of EQ which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted Securities).

The Company was suspended from quotation on 16 July 2020. If the Essential Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired EQ pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Essential Resolutions are not approved at the Meeting, the Acquisition will not proceed, and the Acquisition Agreements will terminate.

1.6 Proposed Activities of merged group following completion of Acquisition

As set out above, the Company and EQ technologies enable the replacement of petroleum-based chemicals and plastics with the aim of moving society towards the bio economy.

Circular bio(based)economies have set drivers focusing on lignocellulosic biomass as a platform chemical feedstock to produce intermediates for industry to take further along the low carbon renewable value chain. Biorefineries are regarded as a cornerstone of a bioeconomy and can be deployed and integrated to transform biomass to usable useful chemicals. Biorefineries provides local economic opportunities to local workers, farmers, and support and service industries.

The Acquisition allows the Company to broaden its operations and with completion and commissioning of the pine chemical extraction plant currently in the process of being constructed by EQ, the merged group is expected to deliver operating cashflows within the next 12 months. As with the construction of any new plant, resources and management of the Company and EQ will be focussed in the near term on the key deliverable of commissioning the pine

chemical extraction plant which will deliver the necessary operating cashflows to continue development of the Glycell™ technology.

Post completion of the Acquisition, the Company will determine the necessary steps required to use Glycell™ technology at the backend of the pine chemical extraction plant. The pine chemical plant produces clean softwood chip as a by-product, which is a natural feedstock potentially leading onto the Glycell™ process. Not only does management believe Glycell™ can significantly add value to the waste woodchip stream, but at sufficient scale, the combined Company and EQ technologies have the potential to transform the softwood industry through effective valorisation of the globally abundant cellulosic biomass.

1.7 Proposed Board following completion of Acquisition

Following completion of the Acquisition, it is expected that the Board will be comprised as follows:

- (a) Ken Richards – Non-Executive Chairman;
- (b) Doug Rathbone – Non-Executive Director;
- (c) Ramon Mountfort – Managing Director;
- (d) Grant Yeatman – Executive Director; and
- (e) Terence Gray – Non-Executive Director.

In addition, it is proposed that Mr Alex Baker and Mr William Baum (both of whom are existing Directors) will be engaged by the Company in a consultancy capacity to form an advisory board reporting to the Board of Directors of the Company advising on technical, research and development matters relating to the production of pine chemicals and the Glycell™ process.

1.8 Proposed dividend policy following completion of the Acquisition

The Company will seek to maximise the total return to Shareholders with a combination of capital growth and income, with the aim of allowing dividends to be paid to Shareholders provided the Company has sufficient profit reserves available and it is within prudent business practices to do so. The payment of any dividends is also subject to cash flow and franking credits.

Whilst it is the Board's current intention to implement a dividend payout ratio of 50%, the payment of and amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deems relevant.

1.9 Summary of Acquisition Agreements

(a) Founder Shareholder SSA

The Company has entered into a binding share sale agreement with the Founder Shareholder, Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust, under which the Company agreed to acquire 100% of the EQ Shares held by the Founder Shareholder (comprising 58.07% of the issued share capital of EQ) on the terms and conditions summarised below (**Founder Shareholder SSA**).

The material terms of the Founder Shareholder SSA are as follows:

- (i) **Conditions Precedent:** Completion of the acquisition of the EQ Shares held by the Founder Shareholder is subject to and conditional upon the satisfaction or waiver of the following outstanding conditions precedent:
- (A) the Company entering into service agreements with Messrs Ramon Mountfort (in respect of his appointment as Managing Director) and Grant Yeatman (in respect of his appointment as Chief Operating Officer) (or their nominees) on terms to be agreed. It has been agreed that the Company will pay Mr Mountfort and Mr Yeatman annual salaries of \$300,000 and \$200,000 respectively (not including superannuation);
 - (B) each shareholder of EQ executing a binding share sale and purchase agreement with the Company in relation to the sale of all of the EQ Shares held by them;
 - (C) the Company and each of the relevant security holders of EQ executing cancellation deeds in relation to the cancellation of the options and performance rights in the capital of EQ (**EQ Options** and **EQ Performance Rights** (respectively)) held by those shareholders in consideration for the issue of options and performance rights in the capital of the Company (**Options** and **Performance Rights** (respectively));
 - (D) the Company obtaining all required Shareholder and regulatory approvals necessary for implementation of the Acquisition (including, for the issue of the Considerations Securities and adoption of employee incentive scheme under the ASX Listing Rules and Corporations Act);
 - (E) the Company satisfying the requirements of ASX Listing Rule 11.1.3 and receiving a letter from ASX confirming that ASX will grant conditional re-quotation of the Company's Shares to trading on the official list of ASX, on terms acceptable to the Company;
 - (F) EQ obtaining all necessary third party approvals required in relation to change of control provisions;
 - (G) EQ having net debt of less than \$1,500,000;
 - (H) the Company converting all outstanding amounts owing to Directors as at 30 June 2020 to Shares at a deemed issue price of \$0.02 per Share (**Debt Conversion**);
 - (I) the Company having net debt of less than \$1,100,000;
 - (J) none of the warranties that were given by the Company and EQ under the Founder Shareholder SSA being breached prior to the completion of the Acquisition; and

(K) no event, occurrence or matter, which individually or when aggregated with all such events, occurrences or matters of a similar kind, taking place at any time prior to the completion of the Acquisition which has a Material Adverse Effect.

(ii) **Consideration:** subject to Shareholder approval, the Company will issue 590,700,000 Shares (on a post-Consolidation basis) to the Founder Shareholder in consideration for the acquisition of the EQ Sharers held by the Founder Shareholder.

(iii) **Restraint:** Mr Ramon Mountfort will be subject to a restraint for up to three (3) years after the termination of his employment/engagement with the Company or a Subsidiary (as applicable).

(iv) **Board Representation:** Upon completion of the Acquisition, the Company will procure the resignation of Mr Alex Baker (who will continue in a consultancy capacity), Mr William Baum (who will continue in a consultancy capacity) and Mr Matthew Morgan. Mr Terence Gray, Mr Ramon Mountfort and Mr Grant Yeatman (together, the **Proposed Directors**) will be appointed as Directors of the Company upon completion of the Acquisition.

(b) **Minority Shareholder SSA**

The Company will enter into share sale and purchase agreements with each of the minority Unrelated Vendors and Related Vendors (together, the **Minority Shareholders**) on the following terms and conditions (**Minority Shareholder SSA**).

The key terms and conditions of the Minority Shareholder SSA are as follows:

(i) **Conditions precedent:** Acquisition of the EQ Shares and cancellation of the EQ Options and EQ Performance Rights held by the Minority Shareholders (as applicable) is subject to:

(A) the Purchaser having obtained all required Shareholder and regulatory approvals as are required under the ASX Listing Rules and the Corporations Act; and

(B) each of the Vendors having executed a binding share sale and purchase agreement with the Purchaser in relation to the sale of all of the fully paid ordinary shares in the capital of EQ held by the Vendors to the Company.

(ii) **Consideration:**

(A) In consideration for the acquisition of EQ Shares from the Minority Shareholders, the Company will issue 426,558,033 Shares (on a post-Consolidation basis) at a deemed issue price of \$0.02 per Share;

(B) In consideration for the cancellation of the EQ Options held by entities controlled by Mr Ken Richards (a Director of the Company and a Related Vendor) 34,455,861 Options (**Consideration Options**), comprising:

- (I) 9,705,861 Options (on a post-Consolidation basis) exercisable at \$0.03 each, on or before 31 October 2021 (the **Class A Consideration Options**); and
- (II) 24,750,000 Options (on a post-Consolidation basis) exercisable at \$0.023 each, on or before 1 March 2025 (the **Class B Consideration Options**).

The Class A Consideration Options and Class B Consideration Options (together, the Consideration Options) are proposed to be issued on the terms set out in Schedule 2.

- (iii) In consideration for the cancellation of the EQ Performance Rights held by Messrs Terence Gray and Grant Yeatman (being, Proposed Directors of the Company and Related Vendors) an aggregate of 33,000,000 performance rights in the capital of the Company (**Consideration Performance Rights**) (on a post-Consolidation basis). The Consideration Performance Rights are proposed to be issued on the terms set out in Schedule 3. The Consideration Performance Rights are subject to various milestones that are connected to the Company's EBITDA. For further information relating to the Consideration Performance Rights and their milestones, refer to Schedule 3.

The Company confirms that there are no other arrangements or transactions between the Company and EQ or its related parties. The Company also confirms that EQ is not a related party of the Company or any of the Directors of the Company, with the exception of Mr Ken Richards (a common director of the Company and EQ).

1.10 Summary of the Loan Agreement

In conjunction with the Acquisition, EQ has made a loan in the amount of \$600,000 available to the Company on the following key terms and conditions (**Loan**):

- (a) **Term:** 12 months from the date of advance of the Loan (**Maturity Date**).
- (b) **Use of funds:** The funds advanced to the Company under the Loan must only be used for the repayment of existing debt and general working capital.
- (c) **Interest:** Interest will accrue a rate of 10% per annum and is repayable in cash on the Maturity Date (as defined below).
- (d) **Repayment:** The Loan and all accrued but unpaid Interest is repayable on the Maturity Date. The Company may elect to make early repayment of the Loan and accrued but unpaid Interest in full and without penalty at any time.
- (e) **Security:** The Loan is secured over all of the Company's present and after-acquired property (it includes anything in respect of which the Company has at any time a sufficient right, interest or power to grant a security).

- (f) **Negative pledge:** The Company will covenant that it will not, without the prior consent of EQ:
- (i) deal with, sell or otherwise dispose of or part with possession of;
 - (ii) create, permit, suffer to exist, or agree to, any interest or encumbrance (other than an encumbrance in favour of EQ) over; or
 - (iii) attempt to do anything set out in paragraphs (i) and (ii),
- in respect of any of its assets except, in the case of (i), in the ordinary course of its business or as otherwise agreed.

If the Shareholders do not approve the Acquisition under Resolution 1, or any of the Essential Resolutions are not approved, the Loan becomes immediately repayable.

1.11 Corporate Advisor to the Company

The Company has entered into a corporate advisory mandate with Tegis Pty Ltd (trading as Tegis Capital) (ACN 120 347 088) (Authorised Representative No. 1282656 of Sequoia Wealth Management Pty Ltd AFSL No. 472387) (an entity controlled by Mr Terence Gray, a Proposed Director) (**Tegis**) (**Corporate Advisory Mandate**), under which Tegis will provide corporate, M&A and general corporate advisory support in respect of the Acquisition.

The material terms of the Corporate Advisory Mandate are as follows:

- (a) **Term:** Unless the Corporate Advisory Mandate is otherwise terminated in accordance with its terms, the term of Tegis' engagement will conclude upon completion of the Acquisition.
- (b) **Corporate Advisory Fee:** Tegis will be entitled to a monthly retainer of \$15,000 per month from 1 October 2020 until expiry or termination of the Corporate Advisory Mandate.
- (c) **M&A Transaction Fee:** Upon the completion of the Acquisition, Tegis will receive \$200,000 worth of the Company shares at the deemed issue price of \$0.02 per the Company Share, being 10,000,000 (on a post-Consolidation basis) (**Corporate Advisor Shares**) (refer to Resolution 12).

The Corporate Advisory Mandate otherwise contains terms and conditions considered standard for an agreement of its nature.

1.12 Lead Manager to the Public Offer

The Company has entered into a lead manager and corporate advisory mandate with Sequoia Corporate Finance Pty Ltd ACN 602 219 072 (a Corporate Authorised Representative No 469074 of Sequoia Wealth Management Pty Limited, ACN 002 314 310, AFSL No. 472387) (**Sequoia**) (**Lead Manager Mandate**), under which Sequoia has been engaged to act as exclusive lead manager in respect of the Public Offer, and to provide advisory services following completion of the Public Offer.

The material terms of the Lead Manager Mandate are as follows:

- (a) **Services:** Sequoia will act as exclusive advisor in respect of managing the Public Offer and will provide equity capital markets advisory services

to the Company following completion of the Public Offer for the term of the Lead Manager Mandate (defined below).

- (b) **Exclusivity:** The Company must not engage or request any other person to provide services of a similar type to those to be performed by Sequoia (other than Tegis pursuant to its role as the Company's corporate advisor in respect of the Acquisition) during the term of the Lead Manager Mandate.
- (c) **Term:** The engagement pursuant to the Lead Manager Mandate will continue for a minimum term of 6 months following the date of reinstatement of the Company's securities to trading on the ASX following completion of the Public Offer (**Minimum Term**). The engagement will be automatically renewed at the end of the Minimum Term and each subsequent month thereafter, unless either party gives the other one months' notice that the engagement is not to continue after the end of the next month.
- (d) **Public Offer Fees:** The Company will pay Sequoia the following fees in respect of the Public Offer:
 - (i) a management fee of 2% of the gross proceeds of the Public Offer (plus GST) in consideration for managing the Public Offer process; and
 - (ii) a selling fee of 4% of the gross proceeds of the Public Offer (plus GST) in consideration for raising capital under the Public Offer.
- (e) **Retainer:** Upon successful completion of the Public Offer (when the Public Offer has closed and the Shares have been reinstated to trading on the ASX), Sequoia will be retained by the Company for 6 months to provide equity capital markets advisory services covering the review of aftermarket share trading movements, results roadshows and general corporate access for brokers and investors to the Company on an exclusive basis.
- (f) **Retainer Fee:** The Company will pay Sequoia a monthly retainer in arrears of \$20,000 (plus GST) for the initial month after completion of the Public Offer and thereafter \$15,000 (plus GST) for each subsequent month (**Retainer**) for corporate advisory services. Sequoia may, in its sole discretion, elect for part of the Retainer to be paid in cash or Shares.

The Company notes that if Sequoia elects for part of the Retainer to be paid in Shares, the Company will utilise its placement capacity under Listing Rule 7.1 to issue these Shares.
- (g) **Expenses:** The Company will reimburse Sequoia all reasonable travel and other out of pocket expenses (including, legal fees and third party disbursements) properly incurred in relation to the engagement of Sequoia under the Lead Manager Mandate, irrespective of completion of the Public Offer. Any expense incurred above \$500 will require prior approval of the Company.
- (h) **Termination:** The Lead Manager Mandate may be terminated as follows:
 - (i) Either party may terminate the Lead Manager Mandate with immediate effect if the other party has materially failed to comply with its obligations under the Lead Manager Mandate

and failed to rectify the non-compliance within one month of being given notice by the first mentioned party to do so; and

- (ii) The parties may terminate the Lead Manager Mandate at any time by mutual agreement in writing.

On termination, Sequoia is entitled to receive all fees and expenses which have accrued or been incurred before the effective date of termination. In addition, unless the Lead Manager Mandate is terminated by the Company as a result of non-compliance by Sequoia, Sequoia will be entitled to be paid its fees and expenses if a transaction is entered into by the Company (or a related body corporate or a Shareholder) within 12 months of termination of the Lead Manager Mandate which is substantially the same as the Public Offer or any offer to Shareholders culminating in a sale of shares or assets without proceeding to completion of the Public Offer.

The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of its nature.

1.13 Public Offer and Proposed Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules and to support its strategy post-completion of the Acquisition, the Company intends, subject to Shareholder approval, to conduct the Public Offer. Shareholder approval for the Public Offer is the subject of Resolution 11.

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following re-admission of the Company to the Official List of ASX as follows:

Funds available	Full Subscription (\$3,000,000)	Percentage of Funds
Optimisation of plant ¹	\$2,054,360	68%
Supply security bond ²	\$300,000	10%
Expenses of the Public Offer ³	\$347,500	12%
Working capital and administration and corporate costs	\$298,140	10%
Total	\$3,000,000	100%

Notes:

1. Comprising, capital expenditure on optimisation equipment. This includes automation and expansion of the process equipment to enhance throughput rates, improve yield control, and increasing production output.
2. To be paid to the pine log supplier to allow 30 days of credit rather than cash on delivery.
3. Comprising, \$150,000 to be paid to the Lead Manager in consideration for services provided in respect of the Public Offer, \$100,000 in legal costs, \$45,000 in IER costs and \$52,500 for other advisers.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from research, development and marketing work carried out. This will involve an ongoing assessment of the Company's projects. The results obtained from research,

development and marketing activities may lead to increased or decreased levels of expenditure on certain projects reflecting a change in emphasis.

The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors and the Proposed Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 1.16.

1.14 Pro Forma Capital Structure

The anticipated effect of the Acquisition on the capital structure of the Company will be as follows:

	Shares	Options	Performance Rights
Current issued capital (on a pre-consolidation basis)	354,099,144	12,473,718 ¹	972,599 ²
Post Consolidation ³	300,984,273	10,602,663 ⁴	826,710 ²
Consideration Securities to be issued to the Vendors under the Acquisition (on a post Consolidation basis) ⁵	1,017,258,033	34,455,861	33,000,000
Shares to be issued under the Public Offer (on a post Consolidation basis) ⁶	150,000,000	Nil	Nil
Shares to be issued to Directors under Debt Conversion (on a post Consolidation basis) ⁷	11,754,400	Nil	Nil
Shares to be issued to Tegis as advisor to the Acquisition (on a post Consolidation basis) ⁸	10,000,000	Nil	Nil
Total³	1,489,996,706⁹	45,058,524	33,826,710

Notes:

1. Comprising on a pre-Consolidation basis:
 - a. 1,557,052 unlisted Options each exercisable for \$0.1375 before 15/07/21;
 - b. 3,000,000 unlisted Options each exercisable for \$0.145 before 23/12/21;
 - c. 2,000,000 unlisted Options each exercisable at \$0.22 before 23/12/21;
 - d. 800,000 unlisted Options each exercisable at \$0.22 before 03/07/22;
 - e. 333,333 unlisted Options each exercisable at \$0.15 before 19/3/23;
 - f. 783,333 unlisted Options each exercisable at \$0.15 before 22/5/23;

- g. 1,500,000 unlisted Options each exercisable at \$0.15 before 14/09/23;
 - h. 1,500,000 unlisted Options each exercisable at \$0.15 before 01/02/24; and
 - i. 1,000,000 unlisted Options each exercisable at \$0.25 before 01/04/24.
2. Comprising on a pre-Consolidation basis:
 - a. 777,780 vested Performance Rights and expiring on 15/01/21; and
 - b. 194,819 vested Performance Rights and expiring on 27/11/22.
 3. The number of Securities on issue post-Consolidation is subject to rounding.
 4. Comprising on a post-Consolidation basis:
 - a. 1,323,495 unlisted Options each exercisable for \$0.1618 before 15/07/21;
 - b. 2,550,000 unlisted Options each exercisable for \$0.1706 before 23/12/21;
 - c. 1,700,000 unlisted Options each exercisable at \$0.2588 before 23/12/21;
 - d. 680,000 unlisted Options each exercisable at \$0.2588 before 03/07/22;
 - e. 283,334 unlisted Options each exercisable at \$0.1765 before 19/3/23;
 - f. 665,834 unlisted Options each exercisable at \$0.1765 before 22/5/23;
 - g. 1,275,000 unlisted Options each exercisable at \$0.1765 before 14/09/23;
 - h. 1,275,000 unlisted Options each exercisable at \$0.1765 before 01/02/24; and
 - i. 850,000 unlisted Options each exercisable at \$0.2941 before 01/04/24.
 5. The issue of these Securities is subject to Resolutions 3 to 10.
 6. The issue of these Shares is subject to Resolution 11.
 7. The issue of these Shares is subject to Resolution 13 to 14.
 8. The issue of these Securities is subject to Resolution 12.
 9. The Company notes that in accordance with the Lead Manager Mandate, the Company may issue 3,250,000 Shares to Sequoia in consideration for corporate advisory services to be provided by Sequoia following completion of the Public Offer. The issue of Shares is subject to Sequoia electing to receive part of the corporate advisory fee in Shares in lieu of cash. Refer to Section 1.12 for a summary of the terms and conditions of the engagement of Sequoia and the issue of Shares to Sequoia.

1.15 Pro forma balance sheet

A summary of the likely effect of the Acquisition on the Company's consolidated total assets is set out in Schedule 1.

1.16 Risks relating to the Company

In addition to the existing risks impacting the Company, the Company believes that Shareholders will be exposed to the following additional risks by virtue of the Acquisition:

- (a) **Natural disaster risks:** In forestry, natural disasters such as cyclones and fires could impact the ability to secure the feedstock for the business. Pine trees tend to be resilient. Most storm events tend to be localised and will not affect all properties or to the same degree. Damage is more likely to be localised on one forest, not normally all.
- (b) **Regulatory or political risks:** Government regulations or imposed restrictions may invalidate EQ's technology and/or business model. As EQ is producing natural sustainable pine chemicals it is unlikely to be impacted by EPA regulations or other regulations that petroleum chemical companies have to contend with. However, current COVID-19 restrictions are not expected to materially impact operations.

- (c) **Process or IP risk:** There may be information leakage or parties may infringe on the intellectual property of EQ or duplicate its knowhow. Non-compete clauses exist for all existing staff of EQ. Standard operating procedures exist but are not easy to copy or duplicate. The knowhow is a combination of over 30 years of experience including information not documented. EQ lodged provisional patent applications in June 2020.
- (d) **Concentration risk:** Having a single major customer can create significant commercial risks. There is demand from other parties for product offtake. EQ will seek to mitigate buyer risk by securing offtake from other parties.
- (e) **Counterparty risk:** EQ has various relationships with third parties, and if a counterparty does not to meet its contractual obligations it may affect the Company's cash flows.
- (f) **Currency risk:** Some transactions occur in a foreign currency and there may be some currency risk. An appreciating Australian dollar may make EQ less competitive globally.
- (g) **Demand risk:** EQ is unable to predict the future course of the pine chemicals industry, or the strength, pace or sustainability of its growth worldwide. Pine chemicals form a part of the hydrocarbon commodities market. Demand for hydrocarbons is ever present for oils, adhesives, grease, inks and plastics. It is not anticipated that these downstream markets are likely to decline.
- (h) **Personnel risk:** EQ operations are dependent upon the continued performance, efforts, abilities and expertise of its key personnel. The founders / key personnel have an affinity to the project and hold equity to ensure ongoing retention. EQ intends to systemise its business to reduce this risk.
- (i) **Plant commissioning risk:** EQ may not be able to develop its plant in a reliable or functional manner. The resin processing pilot plant has been deployed and tested for over a year processing up to 75 tonnes of logs per day. EQ believes any technical risks to a for its commercial plant would be minor.
- (j) **Feedstock supply risk:** The ability to grow the business of EQ may be at risk if there is insufficient supply to offset the fixed costs of the company. Forest owners are very conservative and EQ obtaining the log supply contract was a major milestone built on a 33-year long relationship with major pine plantation manager. The Company has identified several feedstock supply sources to met its manufacturing requirements.
- (k) **Competitor response risk:** There is a risk that the EQ service offering will be rendered less competitive by the emergence of new technology or competitors. EQ has lodged provisional patent applications on its innovative organic solvent process. The pine chemical industry is a relatively large commodity market. The Company is able to sell its commodities into this market.
- (l) **Commodity price risk:** Commodity prices can vary significantly overtime. EQ intends to sell 100% of production at market spot rates. The market is defined as a worldwide commodity and both rosin and terpene chemicals are sold by open and closed bidding processes

directly to consuming chemical companies and selling agents. EQ will sell to both types of buyers.

1.17 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Company will obtain ownership of EQ pursuant to the Acquisition;
- (b) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Public Offer may lead to access to improved equity capital market opportunities and increased liquidity;
- (c) Shareholders may be exposed to further growth opportunities that the Company did not have prior to the Acquisition;
- (d) the appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company; and
- (e) the cash reserves of the Company will be conserved as the consideration for the Acquisition is comprised of Securities.

1.18 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Company will be changing the nature and scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition, Public Offer and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to the Vendors and new investors which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature and scale of the Company's activities. Some of these risks are summarised in Section 1.16 above;
- (d) future outlays of funds from the Company may be required for the proposed business and operations; and
- (e) there is no guarantee that the Company's Shares will not fall in value as a result of the issue.

1.19 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that the change in the nature and scale of the Company's activities is a back-door listing of EQ which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules before it can be re-instated to trading on the ASX (including any ASX requirement to treat the Company's Securities as restricted Securities).

Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition. The Acquisition is conditional on

the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on the ASX (among other things).

If the Essential Resolutions are not approved at the Meeting, the Acquisition will not proceed, and the Company may look for new business or acquisition opportunities.

1.20 ASX waivers and confirmations obtained

ASX Listing Rule 2.1 (Condition 2) and ASX Listing Rule 1.1 (Condition 12)

ASX Listing Rule 1.1 (Condition 12) provides that if an entity has options on issue the exercise price for each underlying security must be at least 20 cents in cash. ASX Listing Rules 2.1 (Condition 2) provides that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash.

The Company has obtained a conditional waiver from the requirements of ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to allow the Company to have on issue Options with an exercise price which is less than 20 cents, to issue the Consideration Options with an exercise price which is less than 20 cents and to offer Shares under the Public Offer with an issue price which is less than 20 cents.

The waiver from Listing Rule 1.1 condition 12 is subject to the following conditions:

- (a) the exercise price of the Class A Options is not less than \$0.03 each, and the exercise price of the Class B Options is not less than \$0.023 each;
- (b) the terms of the waiver are disclosed to the market and, along with the terms and conditions of the Consideration Options and Consideration Performance Rights, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Acquisition and in the prospectus to be issued in respect of the Public Offer; and
- (c) Shareholders approve:
 - (i) the exercise price of the Options in conjunction with the approval obtained under Listing Rule 11.1.2 for the Acquisition; and
 - (ii) the issue of the Performance Rights in conjunction with the approval obtained under Listing Rule 11.1.2 for the Acquisition.

The waiver from Listing Rule 2.1 condition 2 is subject to the following conditions:

- (a) the issue price of the Shares to be issued under the Public Offer is not less than \$0.02 per Share;
- (b) the terms of the waiver are disclosed to the market and, along with the terms and conditions of the Shares to be issued under the Public Offer, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Acquisition and in the prospectus to be issued in respect of the Public Offer; and
- (c) the Company completes a consolidation of its capital structure in conjunction with the Acquisition such that its securities are consolidated

at a ratio that will be sufficient, based on the lowest price at which the Company's securities traded over the 20 trading days preceding the date of the suspension of the Company's securities from official quotation, to achieve a market value for its securities of not less than two cents each.

ASX Listing Rule 10.13.5

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities, or agreement to issue equity securities, to a related party of the Company.

ASX Listing Rule 10.13 sets out the requirements for Shareholder approval under ASX Listing Rule 10.11. In particular, ASX Listing Rule 10.13.5 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 1 month after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules.

The Company has obtained a conditional waiver from the requirements of ASX Listing Rule 10.13.5 to allow the Company to issue, subject to Shareholder approval:

- (b) Consideration Securities to the Founder Shareholder, Yeatman Entities, Gray Entities and Richards Entities;
- (c) Corporate Advisor Shares; and
- (d) Debt Conversion Shares,

(together, the **Related Party Securities**) no later than the date that the Shares pursuant to the Public Offer are issued.

The waiver from Listing Rule 10.13.5 is subject to the following conditions:

- (a) the Related Party Securities are issued no later than the date that the Shares pursuant to the Public Offer are issued;
- (b) the Public Offer are issued pursuant to the relevant terms and conditions set out in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Acquisition;
- (c) the circumstances of the Company, as determined by the ASX, have not materially changed since the Shareholders approved the issue of the Related Party Securities; and
- (d) the terms of the waiver are clearly disclosed in the in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Acquisition.

1.21 Plans for the Company if completion of the Acquisition does not occur

If the Essential Resolutions are not passed and the Acquisition Agreements are not completed, the Company will continue to operate its existing assets and look for potential business acquisitions to take the Company forward.

Further, as noted in Section 1.10 above, the Loan will become immediately repayable if the Essential Resolutions are not passed.

In addition, if the Essential Resolutions are not passed, resulting in the Public Offer to not go ahead, the Company will be required to raise additional capital, by way of debt or equity funding as soon as reasonably practicable. Such funding may or may not be available or on terms which are favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company will be required to reduce the scope of its operations and scale back its activities as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company which would have an adverse effect on the Company's financial position.

The Company specifically refers Shareholders to its financial report for the year ended 30 June 2020 which includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern. The Company advises Shareholders that where the Public Offer and Acquisition do not complete, there is a significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.

1.22 Directors' interests in the Acquisition

Mr Ken Richards is a Director of the Company. Mr Richards controls Growth Capital (WA) Pty Ltd ATF the Richards Family Trust and Keliri Pty Ltd ATF the Richards Family Superannuation Fund (together, the **Richards Entities**), both of which are Vendors. The Richards Entities are therefore related parties of the Company by virtue of being entities controlled by Director, Mr Ken Richards.

Subject to Shareholder approval pursuant to Resolutions 5 and 6, The Richards Entities will receive 43,758,000 Consideration Shares and 34,455,861 Consideration Options (both on a post-consolidation basis) upon completion of the Acquisition. For further information relating to the issue of Consideration Shares and Consideration Options to the Richards Entities, please refer to Resolutions 5 and 6 at Section 6 below.

1.23 Vendors' interests in the Company

(a) Ramon Mountfort

Mr Ramon Mountfort is a Proposed Director of the Company to be appointed upon completion of the Acquisition. Mr Mountfort controls the Founder Shareholder, Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust, a Vendor. The Founder Shareholder is therefore a related party of the Company by virtue of being an entity controlled by Proposed Director, Mr Ramon Mountfort.

Subject to Shareholder approval pursuant to Resolution 3, the Founder Shareholder will receive 590,700,000 Shares (on a post-consolidation basis) upon completion of the Acquisition. For further information relating to the issue of Consideration Shares to the Founder Shareholder, please refer to Resolution 3 at Section 4 below.

(b) Mr Terence Gray

Mr Terence Gray is a Proposed Director of the Company to be appointed upon completion of the Acquisition. Mr Terence Gray and Elizabeth Gray are trustees of the T+E Gray S/F, a Vendor. Terence Gray

and Elizabeth Gray ATF T+E Gray S/F is therefore a related party of the Company by virtue of being an entity controlled by Proposed Director, Mr Gray.

Subject to Shareholder approval pursuant to Resolutions 7 and 8, Terence Gray and Elizabeth Gray ATF the T+E Gray S/F and Mr Terence Gray (in his personal capacity) (together, the **Gray Entities**) will receive 8,750,000 Consideration Shares and 16,500,000 Consideration Performance Rights (both on a post-Consolidation basis) upon completion of the Acquisition. For further information relating to the issue of Consideration Securities to the Gray Entities, please refer to Resolutions 7 and 8 at Section 6 below.

(c) **Mr Grant Yeatman**

Mr Grant Yeatman is a Proposed Director of the Company to be appointed upon completion of the Acquisition. Mr Yeatman controls Grant Richard Leslie Yeatman ATF the GC Family Trust, a Vendor. Grant Richard Leslie Yeatman ATF the GC Family Trust is therefore a related party of the Company by virtue of being an entity controlled by Proposed Director, Mr Grant Yeatman.

Subject to Shareholder approval pursuant to Resolutions 9 and 10, Grant Richard Leslie Yeatman ATF the GC Family Trust and Mr Grant Yeatman (in his personal capacity) (together, the **Yeatman Entities**) will receive 58,162,500 Consideration Shares and 16,500,000 Consideration Performance Rights (both on a post-Consolidation basis) upon completion of the Acquisition. For further information relating to the issue of Consideration Securities to the Yeatman Entities, please refer to Resolutions 9 and 10 at Section 6 below.

(d) **Mr Ken Richards**

As set out above, Mr Ken Richards (a common director of the Company and EQ) controls the Richards Entities. The interests of Richards Entities in the Acquisition are set out in Section 1.22.

2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – ACQUISITION OF ESSENTIAL QUEENSLAND PTY LTD

2.1 General

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities as a result of the Acquisition of EQ.

A detailed description of the Acquisition is outlined in Sections 1.1 and 1.2 above, and the key terms and conditions of the Acquisition Agreements are set out in Section 1.8 above.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the Official List.

ASX has determined that the Acquisition of EQ constitutes a change in the nature and scale of the Company's activities and accordingly, requires the Company to obtain Shareholder approval for the Acquisition in accordance with ASX Listing Rule 11.1.2. Further, requires the Company to comply with any requirements of ASX in relation to the Notice of Meeting.

2.3 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also determined that the change in the nature and scale of the Company's activities is a back-door listing of EQ which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted securities).

The Company was suspended from quotation on 16 July 2020. If the Essential Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired EQ pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

2.4 Technical information required by Listing Rule 14.1A

If the Essential Resolutions (including this Resolution 1) are approved at the Meeting, the Company will be able to proceed with the Acquisition and will acquire EQ subject to the conditions precedent to the Acquisition being satisfied and completion occurring.

If the Essential Resolutions (including this Resolution 1) are not approved at the Meeting, the Acquisition will not proceed and the Company will consider new business and acquisition opportunities.

2.5 Directors' recommendation

For the reasons set out above and in particular, the key advantages set out in Section 1.17, the Directors (other than Mr Ken Richards who has a material personal interest in the Acquisition by virtue of being a Vendor) believe that the Acquisition is in the best interests of Shareholders and recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Securities on issue on a 20:17 basis (**Consolidation**). If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 354,099,144 to 300,984,272 (subject to rounding);

- (b) Options on issue will be reduced from 12,473,718 to 10,602,663 (subject to rounding); and
- (c) Performance Rights on issue will be reduced from 972,599 to 826,710 (subject to rounding).

(excluding, for the avoidance of doubt, the Shares, Options and Performance Rights to be issued under the Resolutions the subject of this Notice).

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

3.3 Fractional entitlements

Not all Securityholders will hold that number of Securities which can be evenly divided by Consolidation ratio. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date that is two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table in Section 1.14 above.

3.7 Indicative timetable

The Consolidation will be completed in accordance with the timetable set out in the ASX Listing Rules. The key dates for the Consolidation are as follows:

Action	Date
Dispatch of Notice of Meeting	29 October 2020
Date of Meeting to approve the Consolidation and effective date of the Consolidation	27 November 2020

Action	Date
Last day for pre-Consolidation trading	30 November 2020
Post-Consolidation trading starts on a deferred settlement basis	1 December 2020
Last day for Company to register transfers on a pre-Consolidation basis (record date)	2 December 2020
First day for Company to send notice to each holder of the change in their details of holdings.	3 December 2020
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements. □	
Change of details of holdings date. Deferred settlement market ends. □	9 December 2020
Change of details of holdings date	
Deferred settlement market ends	

* Trading in the Company's Securities on ASX is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules following completion of the Acquisition. These items have been included in the timetable for consistency with the standard ASX mandated timetable to effect a capital restructure.

4. **RESOLUTION 3 – APPROVAL OF ISSUE OF CONSIDERATION SHARES TO FOUNDER AND RELATED VENDOR - RAMON MOUNTFORT AND SHIRLEY MOUNTFORT ATF MOUNTIES1 FAMILY TRUST**

4.1 **General**

As set out in Section 1.1 above, the Company has agreed to issue Consideration Shares to the Vendors in consideration for the Acquisition.

The Founder Shareholder, Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust, holds 17,900,000 EQ Shares or 58.07% of the total EQ Shares on issue. Mr Ramon Mountfort, a Proposed Director, controls the Founder Shareholder. Accordingly, the Founder Shareholder is a related party of the Company.

Resolution 3 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act and Listing Rule 10.11, to allow the Company to issue 590,700,000 Consideration Shares (on a post-Consolidation basis) to the Founder Shareholder (or its nominee), in consideration for the acquisition of the EQ Shares held by the Founder Shareholder by the Company pursuant to the Acquisition, on the terms set out below (the **Issue**). The Founder Shareholder has agreed that all of the Consideration Shares to be issued to it upon completion of the Acquisition will be escrowed for a period of 24 months from the date of issue of the Shares.

If Shareholder approval is obtained for all of the Essential Resolutions, the Issue of the Consideration Shares the subject of this Resolution 3 will result in the Founder Shareholder's voting power in the Company increasing from 0% up to a maximum 40.32%.

4.2 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(the **Prohibition**).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) pursuant to section 12(2) of the Corporations Act, the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a company's business affairs or acts in concert with a person in relation to the entity's business affairs.

(d) Associates of the Founder Shareholder

No associates of the Founder Shareholder currently have or will have a relevant interest in the Company.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

4.3 Reason section 611 Approval is Required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

The Founder Shareholder does not currently have a relevant interest in any Shares in the Company.

Following the issue of the Consideration Shares, the Founder Shareholder will have a relevant interest in 590,700,000 Shares (on a post-Consolidation basis) in the Company, representing an interest of approximately 40.32% voting power in the Company. This assumes that all of the Essential Resolutions are passed by Shareholders.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act and all other purposes, to enable the Company to issue 590,700,000 Consideration Shares to the Founder Shareholder.

4.4 Specific Information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by PKF annexed to this Explanatory Statement.

(a) **Identity of the Founder Shareholder**

It is proposed that the Founder Shareholder will be issued the Consideration Shares in accordance with the terms of the Founder Shareholder SSA as set out in Section 1.9(a) of this Explanatory Statement.

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

The relevant interest of the Founder Shareholder in voting shares in the capital of the Company (both current and following completion of the Acquisition and assuming all Essential Resolutions are passed) are set out in the table below:

Party	Capacity	Relevant Interest as at the date of this Notice of Meeting (on a post-Consolidation basis)	Relevant Interest on completion of the Acquisition (on a post-Consolidation basis)
Founder Shareholder	Legal holder of the Shares	0	590,700,000

(ii) **Voting Power**

The voting power of the Founder Shareholder (both current and upon completion of the Acquisition assuming all Essential Resolutions are passed) is set out in the table below:

Party	Capacity	Voting power as at the date of this Notice of Meeting (on a post-Consolidation basis)	Voting power on completion of the Acquisition (on a post-Consolidation basis)
Founder Shareholder	Legal holder of the Shares	0	40.32%

The Founder Shareholder SSA is the only agreement between the Company and the Founder Shareholder in relation to the Company and this does not affect or relate to the control or influence of the Company's board or the Company affairs. However, the Company notes that a letter of appointment and or service agreement will be entered into in respect of the appointment of Ramon Mountfort as Managing Director as part of the Acquisition and which will take effect upon completion of the Acquisition.

Further details on the relevant interest and voting power of the Founder Shareholder are set out in the Independent Expert's Report prepared by PKF.

(c) **Summary of Increases**

From a review of the above tables it can be seen that the maximum relevant interest that the Founder Shareholder will hold after completion of the issue of the Shares to the Founder Shareholder in consideration for the acquisition of the EQ Shares held by the Founder Shareholder is 590,700,000 Shares, and the maximum voting power that the Founder Shareholder will hold is 40.32%.

(d) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (i) the Company has 300,984,273 Shares on issue as at the date of this Notice of Meeting (on a post-Consolidation basis);
- (ii) the Company has 10,602,663 Options on issue as at the date of this Notice of Meeting (on a post-Consolidation basis);
- (iii) the Company has 826,710 Performance Rights on issue as at the date of this Notice of Meeting (on a post-Consolidation basis);
- (iv) the maximum number of Shares which may be issued to the Founder Shareholder pursuant to the Founder Shareholder SSA (being, 590,700,000 Shares on a post-Consolidation basis) are issued;
- (v) 426,558,033 Shares are issued to the Minority Shareholders pursuant to the Minority Shareholder SSA;
- (vi) 125,000,000 Shares are issued under the Public Offer (assuming a raising of \$2,500,000);
- (vii) 11,754,400 Debt Conversion Shares are issued by the Company;
- (viii) 10,000,000 Corporate Advisor Shares are issued by the Company;
- (ix) the Company does not issue any additional Securities;
- (x) no Options or Performance Rights on issue in the Company are exercised or converted into Shares; and
- (xi) the Founder Shareholder does not acquire any additional Shares.

(e) **Reasons for the proposed issue of Shares**

The Consideration Shares are to be issued to the Founder Shareholder in consideration for the acquisition of 100% of the EQ Shares held by the Founder Shareholder in accordance with the terms of the Founder Shareholder SSA.

(f) **Date of proposed issue of Shares**

The Consideration Shares the subject of this Resolution will be issued on the date of Settlement of the Acquisition.

(g) **Material terms of proposed issue of securities**

The Company will not issue the Consideration Shares to the Founder Shareholder until all of the outstanding conditions precedent under the Acquisition Agreements have been satisfied (refer to Section 1.8 above for further detail).

The issue of Consideration Shares will take place upon settlement of the Acquisition Agreements which is currently anticipated to occur on the

date that is 5 days after satisfaction (or waiver) of the last of the conditions precedent.

(h) **Intentions of the Founder Shareholder**

Other than as disclosed elsewhere in this Explanatory Statement, the Founder Shareholder:

- (i) has no present intention of making any significant changes to the business of the Company, including the proposed activities of the Merged Group that are set out in Section 1.6;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention to make changes regarding the future employment of the present employees of the Company
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and the Founder Shareholder; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Founder Shareholder at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time. Accordingly, the statements set out above are statements of current intentions only.

(i) **Interests and Recommendations of Directors**

The Directors recommend that Shareholders vote in favour of this Resolution, other than Ken Richards, a Director who abstains from making any recommendation on this Resolution on the basis that Mr Richards is a Vendor and will also receive Securities in consideration for the Acquisition should Resolution 3 passed.

The Company confirms that no other Director has a material personal interest in the outcome of this Resolution.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholder to make a decision whether it is in the best interests of the Company to pass this Resolution.

(j) **Capital Structure**

The Company's current capital structure as at the date of this Notice and upon completion of the issue of the Consideration Shares to the Founder Shareholder (on a post-Consolidation basis) is as follows:

	Shares	Options	Performance Rights
Balance at the date of this Notice	300,984,273	10,602,663	826,710
Balance after the issue of the Consideration Shares to the Founder Shareholder ¹	891,684,273	10,602,663	826,710

Notes:

1. This assumes that no additional Shares are issued by the Company (other than the Consideration Shares to the Founder Shareholder pursuant to this Resolution 3) and that no existing Options or Performance Rights are exercised or converted into Shares.

The capital structure upon completion of the Acquisition which contemplates the issue of all Securities the subject of this Notice (including, for the avoidance of doubt, the issue of Consideration Shares to the Founder Shareholder under this Resolution), is set out in Section 1.14 above.

4.5 Advantages of the Issue

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3:

- the issue of the Consideration Shares to the Founder Shareholder will complete the Company's obligations under terms of the Founder Shareholder SSA (in respect of the consideration payable to the Founder Shareholder for the Acquisition) and will not require renegotiation of the Founder Shareholder SSA in this regard;
- the Company will become the sole shareholder of EQ, assuming Settlement occurs under the Acquisition Agreements which will provide the Company with the advantages set out in Section 1.17; and
- PKF has concluded that the issue of the Consideration Shares to the Founder Shareholder under the Acquisition is **NOT FAIR BUT IS REASONABLE** to the non-associated Shareholders. A copy of the Independent Expert's Report prepared by PKF is enclosed with this Notice.

4.6 Disadvantages of the Issue

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- the issue of the Consideration Shares to the Founder Shareholder will increase the voting power of the Founder Shareholder from 0% to 40.32%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 59.68%; and
- there is no guarantee that the Company's Shares will not fall in value as a result of the issue.

In addition, please refer to Section 1.18 above for a non-exhaustive list of disadvantages of the Acquisition.

4.7 Independent Expert's Report

The Independent Expert's Report prepared by PKF (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the issue of Consideration Shares contemplated by Resolution 3 and the resulting increase in the voting power of the Founder Shareholder is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by Resolution 3 is **NOT FAIR BUT IS REASONABLE** to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 1 and the other Essential Resolutions to the Company and existing Shareholders are as follows:

- (a) if Shareholders approve the Acquisition, Gary Yeatman, Terence Gray and their associated entities will be issued 33,000,000 Consideration Performance Rights. If the performance hurdles are met under the Consideration Performance Rights, the stake of the non-associated Shareholders will be diluted further. However, the performance hurdles under the Consideration Performance Rights pertain to the Company achieving profitable earnings at an EBITDA level and, as such, it would be expected that the milestones attaching to the Consideration Performance Rights would be highly accretive to Shareholders and would provide the non-associated Shareholders with a stake in a profitable business;
- (b) the Acquisition is also likely to result in the Company having a higher market capitalisation which may lead to greater market awareness and broker coverage and, as such, improve the Company's ability to raise funds in the future and attract strategic investors;
- (c) the completion of the Acquisition will expose Shareholders to an investment that is targeting commercial operations and positive operating cash flows in the 2021 calendar year compared to the current stage of maturity of the Company which is yet to establish a clear pathway to commercial operations. The ability to generate operating cashflows will allow Leaf to continue to develop Glycell™;
- (d) approval of the Acquisition will allow Directors' unpaid expenses to be repaid through the issue of Shares and without using cash from working capital or external funding;
- (e) the Acquisition of EQ will provide the Company with key personnel who have the relevant market expertise which will provide the Company's proprietary asset, Glycell™, a commercial avenue as part of its application into EQ's extraction process. The extraction process employed by EQ results in a cellulosic 'waste' product that is a potential feedstock to the Company's Glycell™ process further extending the produce opportunities. Although we have not considered any speculative upside in our valuation of the Company post completion of the Acquisition, we recognise that investors may place speculative value on EQ as a stand-alone business and/or added value towards the Company upon successful integration by achieving synergy benefits. This may be attractive to investors who have an appetite for speculative

gains and may result in greater coverage by analysts, resulting in greater liquidity of the market in the Company's Shares;

- (f) the Directors have sought external advice and performed due diligence regarding the Acquisition, in particular its strategic fit with its focus on renewal and agriculture sectors, which they have subsequently approved;
- (g) if Shareholders do not approve the Acquisition, the loan provided by EQ will become immediately payable by the Company and will require the Company to seek immediate funding to repay the loan which may be on substantially unfavourable terms or be highly dilutive to Shareholders and may require extensive management focus and expense to secure. If the Company is unable to repay the loan, it risks default and the adverse impacts as the Loan is secured against the Company's assets; and
- (h) the Company currently has minimal cash resources and a deficiency of net assets over liabilities. Approval of the Acquisition and the successful completion of the capital raise under the Public Offer will allow the Company to strengthen its cash resources to be utilised for working capital and improve the mill optimisation of EQ as well as provide the opportunity to bring on strategic institutional or sophisticated investors to the share register of the Company.

The key disadvantages noted by the Independent Expert are as follows:

- (a) if Shareholders approve the Acquisition, the Founder Shareholder will control up to 40.32% of the Company's voting power and the Vendors will collectively control up to 72.23% of the Company's voting power. As a result, the combined shareholding of the non-associated Shareholders will be diluted from 85.38% to 17.54% and they will have reduced ability to influence the operating, financing and strategic decision of the Company. Further, as the Founder Shareholder's voting power will increase beyond 25% it may have the capacity to block the passing of a special resolution;
- (b) the acquisition of EQ is speculative as EQ is effectively a start-up business and, as such, the Shareholders will be exposed to the risks associated with an investment in a start-up business that is pending construction of a commercial scale plant; and
- (c) the manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the investment, financial, taxation or other objectives of all Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation, the sources of information and assumptions made and the advantages and disadvantages of the Acquisition.

4.8 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Consideration Shares constitutes giving a financial benefit. The Founder Shareholder is an entity controlled by Mr Ramon Mountfort, who is a related party of the Company by virtue of being a Proposed Director.

The Directors (other than Mr Ken Richards who has a material personal interest in the Resolution by virtue of being a Vendor) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Shares to the Founder Shareholder because these Shares will be issued to the Founder Shareholder (or its nominee) on the same terms as the Unrelated Vendors and the Acquisitions Agreements were negotiated at arm's length.

4.9 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Consideration Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 3 seeks the required Shareholder approval for the issue of the Consideration Shares to the Founder Shareholder under and for the purposes of Listing Rule 10.11.

4.10 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Consideration Shares to the Founder Shareholder within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Consideration Shares to the Founder Shareholder (because approval is being obtained under Listing Rule 10.11), the issue of the Consideration Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares and the Acquisition will not complete.

4.11 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Consideration Shares the subject of this Resolution will be issued to the Founder Shareholder, Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust (or its nominee), which falls within the category set out in Listing Rule 10.11.1 as the Founder Shareholder is an entity associated with Mr Ramon Mountfort, a related party of the Company by virtue of being a Proposed Director;
- (b) the maximum number of Consideration Shares to be issued to the Founder Shareholder (or its nominee) is 590,700,000 (on a post-Consolidation basis);
- (c) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) pursuant to the conditional waiver from Listing Rule 10.13.5 that ASX has granted the Company (refer to Section 1.20 for further details), the Consideration Shares will be issued to the Founder Shareholder no later than the date that the Shares pursuant to the Public Offer are issued;
- (e) the Consideration Shares will be issued for nil cash consideration, accordingly no funds will be raised from the issue;
- (f) the Consideration Shares are being issued in consideration for the acquisition of the EQ Shares held by the Founder Shareholder and in satisfaction of the Company's obligations under the Founder Shareholder SSA;
- (g) the Consideration Shares are being issued to the Founder Shareholder under the Founder Shareholder SSA. A summary of the material terms of the Founder Shareholder SSA is set out in Section 1.9(a); and
- (h) a voting exclusion statement is included in Resolution 3 of the Notice.

5. RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO THE UNRELATED VENDORS

5.1 General

The Company has entered into the Minority Shareholder SSA, under which it has agreed to issue an aggregate of 426,558,033 Consideration Shares (on a post-Consolidation basis) to the Minority Shareholders in consideration for the acquisition of their respective EQ Shares, being an aggregate total of 12,926,001 EQ Shares.

Mr Ken Richards, a Director, and Proposed Directors Messrs Terence Gray and Grant Yeatman each control entities that are Minority Shareholders and for the reasons set out in Section 6.1, such Minority Shareholders are related parties of the Company (together, the **Related Vendors**). Accordingly, the Company is seeking Shareholder approval for the issue of the Consideration Securities to the

Related Vendors under ASX Listing Rules 10.1 and 10.11 (as applicable) pursuant to Resolutions 5 to 10.

The remainder of the Minority Shareholders are unrelated parties of the Company (**Unrelated Vendors**). There are 43 Unrelated Vendors, which hold an aggregate total of 9,572,349 EQ Shares (or 31.1% of the EQ Shares).

Accordingly, this Resolution seeks Shareholder approval for the issue of 315,887,533 Consideration Shares (on a post-Consolidation basis) to the Unrelated Vendors.

5.2 ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consideration Shares does not fall within any of the exceptions to Listing Rule 7.1 that are set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Consideration Shares to the Unrelated Vendors. In addition, the issue of the Consideration Shares to the Unrelated Vendors will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares to the Unrelated Vendors and the Acquisition will not complete.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consideration Shares to the Unrelated Vendors.

5.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Consideration Shares will be issued to the Unrelated Vendors, who are not related parties of the Company;
- (b) the maximum number of Consideration Shares to be issued to the Unrelated Vendors is 315,887,533 (on a post-Consolidation basis). The Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date;
- (d) the Consideration Shares will be issued at a nil issue price, in consideration for the acquisition of the EQ Shares held by the Unrelated

Vendors pursuant to the Minority Shareholder SSA. Accordingly, no funds will be raised from the issue;

- (e) the purpose of the issue of the Consideration Shares is to satisfy the Company's obligations under the Minority Shareholder SSA;
- (f) the Consideration Shares are being issued to the Unrelated Vendors under the Minority Shareholder SSA. A summary of the material terms of the Minority Shareholder SSA is set out in Section 1.9(b) above;
- (g) the Consideration Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 4 of the Notice.

5.5 Dilution

Assuming no Options are exercised or other Shares issued and the maximum number of Consideration Shares to the Unrelated Vendors are issued, the number of Shares on issue would increase from 300,984,273 (being the number of Shares on issue as at the date of this Notice on a post-Consolidation basis) to 616,871,806 (on a post-Consolidated basis) and the shareholding of existing Shareholders would be diluted by 48.79%.

6. RESOLUTION 5 TO 10 – APPROVAL OF ISSUE OF CONSIDERATION SECURITIES TO RELATED VENDORS

6.1 Background

As set out in Section 1.23 above, Mr Ken Richards is a Director of the Company and Messrs Terence Gray and Grant Yeatman are two of the three Proposed Directors to be appointed upon completion of the Acquisition.

The entities associated with Director, Ken Richards and the Proposed Directors, Messrs Terence Gray and Grant Yeatman, being the Richards Entities, Gray Entities and Yeatman Entities (together, the **Related Vendors**) (respectively) hold the following securities in EQ:

Related Vendor	EQ Shares	EQ Options	EQ Performance Rights
Richards Entities	1,326,000 ¹	1,044,116 ⁴	Nil
Gray Entities	265,152 ²	Nil	500,000 ⁵
Yeatman Entities	1,762,500 ³	Nil	500,000 ⁶

Notes:

1. Comprising of:
 - a. 400,000 EQ Shares held indirectly by Growth Capital (WA) Pty Ltd, an entity controlled by Ken Richards; and
 - b. 926,000 EQ Shares held by indirectly Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund, an entity controlled by Ken Richards.
2. Held indirectly by Terence Gray and Elizabeth Gray ATF The T+E Gray S/F, an entity controlled by Terence Gray.
3. Comprising of 1,762,500 EQ Shares held indirectly by Grant Yeatman ATF The GC Family Trust, an entity controlled by Grant Yeatman.

4. Comprising of:
 - a. 147,058 EQ Options exercisable at \$1.00 each on or before 31 October 2021 held indirectly by Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund, an entity controlled by Ken Richards;
 - b. 147,059 EQ Options exercisable at \$1.00 each on or before 31 October 2021 held indirectly by Growth Capital (WA) Pty Ltd, an entity controlled by Ken Richards; and
 - c. 750,000 EQ Options exercisable at \$0.85 each on or before 1 March 2025 held indirectly by Growth Capital (WA) Pty Ltd, an entity controlled by Ken Richards.
5. Held directly by Terence Gray.
6. Held by directly Grant Yeatman.

Pursuant to the Minority Shareholder SSA, the Company has agreed to issue the Related Party Vendors the following Consideration Shares, Consideration Options and Consideration Performance Rights (together, the **Consideration Securities**) (all of which are expressed on a post-Consolidation basis) in consideration for the acquisition by the Company of the EQ Shares held by the Related Party Vendors and in consideration for the cancellation of the EQ Options and EQ Performance rights held by the Related Vendors (as applicable):

Related Vendor	Consideration Shares	Consideration Options	Consideration Performance Rights
Richards Entities (or their nominees)	43,758,000 ¹	34,455,861 ⁴	
Gray Entities (or their nominees)	8,750,000 ²	Nil	16,500,000 ⁵
Yeatman Entities (or their nominees)	58,162,500 ³	Nil	16,500,000 ⁶

Notes:

1. Subject to Resolutions 5 and 6, to be issued to the following entities that are controlled by Ken Richards and in the following proportions:
 - a. 13,200,000 Consideration Shares (on a post-Consolidation basis) to Growth Capital (WA) Pty Ltd (or its nominee); and
 - b. 30,558,000 Consideration Shares (on a post-Consolidation basis) to Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund (or its nominee).
2. Subject to Resolution 7 and 8, to be issued to Terence Gray and Elizabeth Gray ATF The T+E Gray S/F (or its nominee), an entity controlled by Terence Gray.
3. Subject to Resolutions 9 and 10, 58,162,500 Consideration Shares (on a post-Consolidation basis) to be issued to the Grant Yeatman ATF The GC Family Trust (or its nominee)
4. Subject to Resolutions 5 and 6 respectively, to be issued to the following entities that are controlled by Ken Richards and in the following proportions:
 - a. 4,852,947 Class A Consideration Options (on a post-Consolidation basis) to Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund (or its nominee); and
 - b. 4,852,914 Class A Consideration Options (on a post-Consolidation basis) and 24,750,000 Class B Consideration Options (on a post-Consolidation basis) to Growth Capital (WA) Pty Ltd (or its nominee).
5. Subject to Resolution 8, to be issued to Mr Gray (or his nominee).
6. Subject to Resolution 10, to be issued to Mr Yeatman (or his nominee).

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Consideration Securities constitutes giving a financial benefit. The Richards Entities are controlled by Mr Richards, who is a related party of the Company by virtue of being a Director. The Gray Entities and the Yeatman Entities are controlled by Mr Gray and Mr Yeatman respectively, who are related parties of the Company by virtue of being Proposed Directors.

In respect of Resolutions 5 and 6, (as applicable), the Directors (other than Mr Ken Richards who has a material personal interest in Resolutions 5 and 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of:

- (a) the Consideration Shares to the Related Vendors because the Consideration Shares will be issued to the Related Vendors (or their nominees) on the same terms as the Shares issued to the Unrelated Vendors in respect of the Acquisition, and as such, the issue is on arm's length terms; and
- (b) the Consideration Options and Consideration Performance Rights to the Related Vendors (as applicable) as the agreement to issue the Consideration Options and Consideration Performance Rights in consideration for the cancellation of the EQ Options and EQ Performance Rights was negotiated on an arm's length basis.

6.3 ASX Listing Rule 10.1

Listing Rule 10.1 provides that a listed entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company;
- 10.1.4 an associate of a person referred to in Listing Rule 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders,

unless it obtains the approval of its shareholders.

Listing Rule 10.2 provides that an asset is substantial if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the Listing Rules.

The acquisition by the Company of the EQ Shares held by the Richards Entities constitutes the acquisition of a substantial asset under Listing Rule 10.2. The Richards Entities are controlled by Mr Ken Richards, who is a related party of the Company by virtue of being a Director.

Accordingly, the acquisition by the Company of the EQ Shares held by the Richards Entities (being, the subject of Resolutions 5 and 6) requires Shareholder approval under Listing Rule 10.1.

6.4 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Consideration Securities to the Related Vendors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 5 to 10 seek the required Shareholder approvals for the issue of the Consideration Securities to the Related Vendors under and for the purposes of Listing Rule 10.11.

6.5 Technical information required by Listing Rule 14.1A

If Resolutions 5 and 6 to Resolution 10 are not passed, the Company will be able to proceed with the issue of the Consideration Securities to the Related Vendors within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Consideration Securities to the Related Vendors (because approval is being obtained under Listing Rule 10.11), the issue of the Consideration Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 5 to 10 are not passed, the Company will not be able to proceed with the issue of the Consideration Securities and the Acquisition will not complete.

6.6 Technical Information required by Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5, the following information is provided in relation to the proposed issue of Consideration Securities to the Richards Entities (being Resolutions 5 to 10):

- (a) the Company is acquiring EQ Shares (being a substantial asset) from the Vendors, which includes the Richards Entities (a Related Vendor);
- (b) the Richards Entities fall within the category set out in ASX Listing Rule 10.1.1 by virtue of being entities controlled by Mr Ken Richards, a related party of the Company by virtue of being a Director;
- (c) the assets being acquired by the Company from the Richards Entities are 1,326,000 EQ Shares;
- (d) the consideration for the acquisition of the EQ Shares from the Richards Entities (being, the substantial asset) is the issue of 43,758,000 Consideration Shares (on a post-Consolidation basis) to the Richards Entities in the proportions set out in Section 6.1;
- (e) the consideration for the acquisition of the EQ Shares from the Richards Entities is the issue of the Consideration Shares, therefore no funds will need to be raised to complete the Acquisition. The Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) it is intended that completion of the Acquisition will occur on or around December 2020;
- (g) the acquisition of the EQ Shares from the Richards Entities will occur pursuant to the Minority Shareholder SSA and the Founder Shareholder SSA, summaries of which are set out in Section 1.8;
- (h) a voting exclusion statement is included in Resolutions 5 to 10 of the Notice; and
- (i) the Independent Expert's Report is annexed to this Notice at Annexure A.

6.7 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 10:

- (a) the Consideration Securities are proposed to be issued to:
 - (i) the following entities controlled by Mr Ken Richards:
 - (A) Growth Capital (WA) Pty Ltd; and
 - (B) Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund,

(being, the **Richards Entities**). Mr Richards is a related party of the Company by virtue of being a Director, therefore the Richards Entities fall within the category set out in Listing Rule 10.11.1;

(ii) Mr Terence Gray (in his personal capacity) and Terence Gray and Elizabeth Gray ATF The T+E Gray S/F, an entity controlled by Terence Gray (together, the **Gray Entities**). Mr Gray is a related party of the Company by virtue of being a Proposed Director, therefore the Gray Entities fall within the category set out in Listing Rule 10.11.1; and

(iii) Mr Grant Yeatman (in his personal capacity) and Grant Yeatman ATF The GC Family Trust, an entity controlled by Mr Yeatman (together, the **Yeatman Entities**). Mr Yeatman is a related party of the Company by virtue of being a Proposed Director, therefore the Yeatman Entities fall within the category set out in Listing Rule 10.11.1;

(b) the maximum number of Consideration Securities to be issued to the Related Party Vendors (or their nominees) are as follows (on a post-Consolidation basis):

Related Vendor	Consideration Shares	Consideration Options	Consideration Performance Rights
Richards Entities (or their nominees)	43,758,000 ¹	34,455,861 ⁴	Nil
Gray Entities (or their nominees)	8,750,000 ²	Nil	16,500,000
Yeatman Entities (or their nominees)	58,162,500	Nil	16,500,000

Notes:

1. Subject to Resolutions 5 and 6 respectively, to be issued to the following entities that are controlled by Ken Richards and in the following proportions:
 - a. 13,200,000 Consideration Shares (on a post-Consolidation basis) to Growth Capital (WA) Pty Ltd (or its nominee); and
 - b. 30,558,000 Consideration Shares (on a post-Consolidation basis) to Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund (or its nominee).
2. Subject to Resolution 7 and 8, to be issued to Terence Gray and Elizabeth Gray ATF The T+E Gray S/F (or its nominee), an entity controlled by Terence Gray.
3. Subject to Resolution 9, 58,162,500 Consideration Shares (on a post-Consolidation basis) to be issued to Grant Yeatman ATF The GC Family Trust (or its nominee).
4. Subject to Resolutions 5 and 6 respectively, to be issued to the following entities that are controlled by Ken Richards and in the following proportions:
 - a. 4,852,947 Class A Consideration Options (on a post-Consolidation basis) to Keliri Pty Ltd ASF the Ken Richards Family Superannuation Fund (or its nominee); and
 - b. 4,852,914 Class A Consideration Options (on a post-Consolidation basis) and 24,750,000 Class B Consideration Options (on a post-Consolidation basis) to Growth Capital (WA) Pty Ltd (or its nominee).
5. Subject to Resolution 8, to be issued to Mr Gray (or his nominee).

6. Subject to Resolution 10, to be issued to Mr Yeatman (or his nominee).
- (c) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (d) the terms of the Consideration Options are set out in Schedule 2;
 - (e) the terms of the Consideration Performance Rights are set out in Schedule 3;
 - (f) pursuant to the conditional waiver from Listing Rule 10.13.5 that ASX has granted the Company (refer to Section 1.20 for further details), the Consideration Securities will be issued to the Related Vendors no later than the date that the Shares pursuant to the Public Offer are issued;
 - (g) the Consideration Securities will be issued for nil cash consideration, accordingly no funds will be raised from the issue;
 - (h) the Consideration Securities are being issued to the Related Vendors in consideration for the acquisition of the EQ Shares held by the Related Vendors, and the cancellation of the EQ Options and EQ Performance Rights held by the Related Vendors (as applicable) in accordance with the Minority Shareholder SSA;
 - (i) the Consideration Securities are being issued to the Related Party Vendors under the Minority Shareholder SSA. A summary of the material terms of the Minority Shareholder SSA is set out in Section 1.9(b); and
 - (j) a voting exclusion statement is included in Resolutions 5 to 10 of the Notice.

7. RESOLUTION 11 – ISSUE OF SHARES PURSUANT TO PUBLIC OFFER

7.1 General

Resolution 11 seeks Shareholder approval for the issue of up to 150,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.02 per Share, to raise up to \$3,000,000 under the Public Offer (assuming maximum subscription).

The Public Offer will be undertaken via the Prospectus to assist the Company in re-complying with Chapters 1 and 2 of the Listing Rules (which is required to obtain re-instatement of the Shares to trading on the Official List on completion of the Acquisition).

It is noted that the Shares the subject of the Public Offer will only be issued if:

- (a) the Company has received conditional approval from ASX for the Company to be reinstated to official quotation on ASX following the Company's compliance with Chapters 1 and 2 of the Listing Rules under ASX Listing Rule 11.13; and
- (b) the issue occurs contemporaneously with settlement of the Acquisition, which requires, amongst other things, the passing of all Essential Resolutions.

Further details of the Public Offer will be set out in the Prospectus.

7.2 ASX Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.1 above.

The proposed issue of Shares does not fall within any of the Exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 11 seeks the required Shareholder approval to the issue of the Shares under and for the purposes of Listing Rule 7.1.

7.3 Technical Information required by 14.1A

If Resolution 11 is passed, the Company will be able to proceed with the issue of Shares under the Public Offer. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 11 is an Essential Resolution. As such, if Resolution 11 is not passed, the Company will not be able to proceed with the Acquisition.

7.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (a) the Shares will be issued to subscribers under the Public Offer. The Directors in conjunction with the Lead Manager will determine to whom the Shares will be issued, on a basis to ensure the Company's re-compliance requirements are met, but these persons will not be related parties of the Company;
- (b) the maximum number of Shares to be issued is 150,000,000 (on a post-Consolidation basis). The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the issue price will be \$0.02 per Share;
- (e) the purpose of the issue of the Shares under the Public Offer is to raise capital, which the Company intends to apply in the manner set out in Section 1.12;
- (f) the Shares being issued under the Public Offer are not being issued under an agreement;
- (g) the Shares being issued under the Public Offer are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 11 of the Notice.

7.5 Dilution

Assuming no Options are exercised, Performance Rights vested or other Shares issued and the maximum number of Shares under the Public Offer are issued, the

number of Shares on issue would increase from 300,984,273 (being the number of Shares on issue as at the date of this Notice on a post-Consolidation basis) to 450,984,273 (on a post-Consolidated basis) and the shareholding of existing Shareholders would be diluted by 33.26%.

8. RESOLUTION 12 – ISSUE OF SHARES TO TEGIS PTY LTD

8.1 General

As set out in Section 1.11 above, the Company has entered into a corporate advisory mandate with Tegis Pty Ltd (trading as Tegis Capital) (ACN 120 347 088), an entity controlled by Proposed Director, Mr Terence Gray (**Tegis**), under which Tegis will provide corporate, M&A and general corporate advisory support in respect of the Acquisition (**Corporate Advisory Mandate**).

Under the Corporate Advisory Mandate and upon completion of the Acquisition, Tegis will receive \$200,000 worth of Shares at a deemed issue price per Share of \$0.02, being 10,000,000 Shares (the **Corporate Advisor Shares**). The Company notes that since its appointment as corporate advisor, Tegis has not received any consideration for services provided to the Company and will not receive any cash retainer consideration until after 1 October 2020.

Accordingly, Resolution 12 seeks Shareholder approval for the issue of the Corporate Advisor Shares to Tegis (or its nominee) on the terms set out below.

8.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 4.8 above.

The issue of Corporate Advisor Shares constitutes giving a financial benefit and Tegis is a related party of the Company by virtue of being an entity controlled by Mr Gray, a Proposed Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Corporate Advisor Shares because the Corporate Advisor Shares will be issued to Tegis (or its nominee) pursuant to the Corporate Advisory Mandate, which was negotiated on an arm's length basis.

8.3 Listing Rule 10.11

A summary of ASX Listing Rule 10.11 in Section 4.9 above.

The issue of the Corporate Advisor Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 12 seeks Shareholder approval for the issue of the Corporate Advisor Shares under and for the purposes of Listing Rule 10.11.

8.4 Technical information required by Listing Rule 14.1A

If , Resolution 12 is passed, the Company will be able to proceed with the issue of the Corporate Advisor Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the issue of the Corporate Advisor Shares (because approval is being obtained under Listing Rule 10.11), the issue of those Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 12 is not passed, the Company will not be able to proceed with the issue of the Corporate Advisor Shares and the Acquisition will not complete.

8.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 12:

- (a) the Shares will be issued to Tegis (or its nominee). Tegis is controlled by Mr Terence Gray, who falls within the category set out in Listing Rule 10.11.1 as he is a related party of the Company by virtue of being a Proposed Director;
- (b) the maximum number of Corporate Advisor Shares to be issued to Tegis (or its nominee) is 10,000,000;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) pursuant to the conditional waiver from Listing Rule 10.13.5 that ASX has granted the Company (refer to Section 1.20 for further details), the Corporate Adviser Shares will be issued to Tegis no later than the date that the Shares pursuant to the Public Offer are issued;
- (e) the issue price of the Corporate Advisor Shares will be nil as the Corporate Advisor Shares are being issued in lieu of services provided by Tegis under the Corporate Advisory Mandate. The Company will not receive any other consideration in respect of the issue of the Corporate Advisor Shares;
- (f) the purpose of the issue of the Corporate Advisor Shares is to satisfy the Company's obligations under the Corporate Advisory Mandate;
- (g) the Corporate Advisor Shares are not intended to remunerate or incentivise a Director, including for the avoidance of doubt, Mr Gray (a Proposed Director) who controls Tegis;
- (h) the Shares are being issued under the Corporate Advisory Mandate. A summary of the material terms of the Corporate Advisory Mandate is set out in Section 1.11 above; and
- (i) a voting exclusion statement is included in Resolution 12 of the Notice.

9. RESOLUTIONS 13 TO 17 – APPROVAL TO ISSUE DEBT CONVERSION SHARES TO DIRECTORS

9.1 General

The Company has agreed, subject to Shareholder approval, to issue Shares (together, the **Debt Conversion Shares**) to each of the Directors in lieu of the conversion of amounts owing to the Directors, comprising unpaid Director fees for the 2020 financial year, as set out in the table below (**Related Party Debt**).

Resolution	Director	Related Party Debt	Debt Conversion Shares
Resolution 13	Doug Rathbone	\$82,037 owing for to Mr Rathbone for unpaid Director fees for the 2020 financial year	4,101,850
Resolution 14	Ken Richards	\$92,927 owing for to Mr Richards for unpaid Director fees and unpaid employment benefits for the 2020 financial year	4,646,350
Resolution 15	Alex Baker	\$30,124 owing for to Mr Baker for unpaid Director fees for the 2020 financial year	1,506,200
Resolution 16	William Baum	\$20,833 owing for to Mr Baum for unpaid Director fees for the 2020 financial year	1,041,650
Resolution 17	Matthew Morgan	\$9,167 owing for to Mr Morgan for unpaid Director fees for the 2020 financial year	458,350

Resolution 13 to 17 seeks Shareholder approval for the issue of an aggregate of 11,754,400 Debt Conversion Shares to the Directors (or their nominees) in consideration for the conversion of the Related Party Debt (**Related Party Debt Conversion**).

9.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E is set out in Section 4.8 above.

The Directors are related parties of the Company. The Related Party Debt Conversion will result in the issue of the Debt Conversion Shares which constitutes giving a financial benefit.

As the Debt Conversion Shares are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the Related Party Debt Conversion. Accordingly, Shareholder approval for the issue of Debt Conversion Shares to the Directors is sought in accordance with Chapter 2E of the Corporations Act.

9.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 4.9 above.

The issue of the Debt Conversion Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The issue of the Debt Conversion Shares therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 13 to 17 seek the required Shareholder approvals for the issue of the Debt Conversion Shares to the Directors under and for the purposes of Listing Rule 10.11.

9.4 Technical information required by Listing Rule 14.1A

If Resolutions 13 to 17 are passed, the Company will be able to proceed with the issue of the Debt Conversion Shares to the Directors within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Debt Conversion Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Debt Conversion Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 13 to 17 are not passed, the Company will not be able to proceed with the issue of the Debt Conversion Shares and the Company will pay the Related Party Debt to the Directors in cash.

9.5 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 13 to 17:

- (a) the Debt Conversion Shares will be issued to:
 - (i) Mr Doug Rathbone (or his nominee) pursuant to Resolution 13
 - (ii) Mr Ken Richards (or his nominee) pursuant to Resolution 14;
 - (iii) Mr Alex Baker (or his nominee) pursuant to Resolution 15;
 - (iv) Mr William Baum (or his nominee) pursuant to Resolution 16; and
 - (v) Mr Matthew Morgan (or his nominee) pursuant to Resolution 17,each of whom fall within the category set out in Listing Rule 10.11.1 by virtue of being Directors of the Company;
- (b) the maximum number of Debt Conversion Shares to be issued is
 - (i) Resolution 13: 4,101,850 Shares to Mr Doug Rathbone (or his nominee);
 - (ii) Resolution 14: 4,646,350 Shares to Mr Ken Richards (or his nominee);
 - (iii) Resolution 15: 1,506,200 Shares to Mr Alex Baker (or his nominee);
 - (iv) Resolution 16: 1,041,650 Shares to Mr William Baum (or his nominee); and
 - (v) Resolution 17: 458,350 Shares to Mr Matthew Morgan (or his nominee),
- (c) the Debt Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) pursuant to the conditional waiver from Listing Rule 10.13.5 that ASX has granted the Company (refer to Section 1.20 for further details), the Debt

Conversion Shares will be issued to the Directors no later than the date that the Shares pursuant to the Public Offer are issued;

- (e) the Debt Conversion Shares will be issued for nil cash consideration, in satisfaction of the conversion of the Related Party Debt owing to the Directors;
- (f) the purpose of the issue of the Debt Conversion Shares is to convert the Related Party Debt owing to the Directors into Shares in lieu of repaying the Related Party Debt in cash, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if the Related Party Debt was satisfied in cash;
- (g) the current and estimated total remuneration packages for the Directors (comprising Directors Fees and superannuation) are as follows:

Director	2020 (actual)	2021 (estimated)
Mr Doug Rathbone	\$89,333	\$57,500
Mr Ken Richards	\$33,333	\$102,500
Mr Alex Baker	\$249,863	\$72,200
Mr William Baum	\$33,333	\$22,500
Mr Matthew Morgan	\$33,333	\$0

- (h) the value of the Debt Conversion Shares (based on the deemed issue price per Share of \$0.02) is as follows:
 - (i) Resolution 13: \$82,037 for the Debt Conversion Shares to be issued to Mr Doug Rathbone (or his nominee);
 - (ii) Resolution 14: \$92,927 for the Debt Conversion Shares to be issued to Mr Ken Richards (or his nominee);
 - (iii) Resolution 15: \$30,124 for the Debt Conversion Shares to be issued to Mr Alex Baker (or his nominee);
 - (iv) Resolution 16: \$20,833 for the Debt Conversion Shares to be issued to Mr William Baum (or his nominee); and
 - (v) Resolution 17: \$9,167 for the Debt Conversion Shares to be issued to Mr Matthew Morgan (or his nominee).

the Company advises Shareholders that the Debt Conversion Shares are being issued in lieu of unpaid Director fees for the 2020 financial year and as such, are not additional to the directors' remuneration packages set out above.

- (i) the purpose of the issue of the Debt Conversion Shares is to convert the Related Party Debt owing to the Directors (comprising, unpaid Director fees). Accordingly, no funds will be raised from the issue of the Debt Conversion Shares;
- (j) the Debt Conversion Shares are not being issued under an agreement;

- (k) the relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below (on a post-Consolidation basis):

Director	Shares	Options	Performance Rights
Mr Doug Rathbone	12,481,091	2,550,000	Nil
Mr Ken Richards	22,817,731	1,275,000	826,710
Mr Alex Baker	3,351,586	2,125,000	Nil
Mr William Baum	Nil	680,000	Nil
Mr Matthew Morgan	1,915,236	680,000	Nil

- (l) if the Debt Conversion Shares issued to the Directors, this will increase the number of Shares on issue from 300,984,273 (being the total number of Shares on issue as at the date of this Notice on a post-Consolidation basis) to 312,738,673 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.76%, comprising 1.31% by Mr Rathbone, 1.49% by Mr Richards, 0.48% by Mr Baker, 0.33% by Mr Baum and 0.15% by Mr Morgan;
- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.039	30 September and 1 October 2020
Lowest	\$0.015	23 to 27 March and 20 to 23 April 2020
Last	\$0.019	10 July 2020

- (n) each Director has a material personal interest in the outcome of Resolutions 13 to 17 on the basis that all of the Directors (or their nominees) are to be issued Debt Conversion Shares should Resolutions 13 to 17 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 13 to 17 of this Notice;
- (o) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 13 to 17 and
- (p) voting exclusion statements are included in Resolutions 13 to 17 of the Notice.

10. RESOLUTIONS 18 TO 20 – ELECTION OF PROPOSED DIRECTORS

10.1 General

Clause 84 the Articles of Association allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

Pursuant to Resolutions 18 to 20 Messrs Ramon Mountfort, Grant Yeatman and Terence Gray (together, the **Proposed Directors**) seek election from Shareholders to be appointed as Directors upon completion of the Acquisition.

Resolutions 18 to 20 are Essential Resolutions and are subject to and conditional upon approval of all other Essential Resolutions.

10.2 Mr Ramon (Ray) Mountfort

(a) Biography and other material directorships

For the last 20 years Ray has been primarily involved in the pine chemicals industry, working to establish his vision of sustainable natural hydrocarbon based chemical production.

Ray has a multi-disciplined background in process manufacturing businesses. He has served in roles from process operator to CEO, Managing Director and board member in companies or organisations that he has personally founded with formative years of employment being served in the dairy industry in what is now New Zealand's largest company, Fonterra Co-operative Group Limited.

Ray has extensive worldwide networks of customers, pine chemicals producers and technical stakeholders in pine chemicals industry. For the last three years, Mr Mountfort has been developing Essential Queensland Pty Ltd (having incorporated EQ in 2017) and has :

- (i) developed the concept for natural oleoresins project opportunity in South East Queensland;
- (ii) completed supply testing, plant design, supplier diligence and site analysis;
- (iii) obtain site and local government consents for Apple Tree Creek;
- (iv) completed a supply contract;
- (v) constructed and tested pilot plant including log preparation plant, terpenes extraction plant and confirmed yield control;
- (vi) obtained market entry sales contracts;
- (vii) Completed plant design and ordered pre-fabricated plant & equipment from Chinese manufacturers for commercial scale plant; and
- (viii) commenced construction of commercial scale plant in 2020.

(b) Independence

Subject to the Shareholders approving the Essential Resolutions, Mr Mountfort will:

- (i) be appointed as the Company's Managing Director and Chief Executive Officer; and
- (ii) hold approximately 40.32% of the Company's Shares (assuming that the Essential Resolutions are passed and 125,000,000 Shares are issued under the Public Offer).

For these reasons, if elected, the Board does not consider Mr Mountfort will be an independent Director.

10.3 Mr Grant Yeatman – BMS(hons)

(a) Biography and other material directorships

Mr Yeatman is a co-founder of EQ having been involved in EQ since its incorporation in 2017, providing guidance on intellectual property development and the management and growth of the company. Grant brings extensive processing, management, marketing, supply chain and logistics as well as research and development experience from the US oil industry and development of Essential Queensland Pty Ltd.

In addition, Grant is active in the management of investment funds and owns part of waste-water disposal companies in the USA. He holds an Honours Degree in Strategic Management and Marketing from The University of Waikato, New Zealand alongside his five years of experience in import/export operations as a licensed customs broker.

(b) Independence

Subject to the Shareholders approving the Essential Resolutions, Mr Yeatman will:

- (i) be appointed as a Director and the Chief Operating Officer of the Company; and
- (ii) hold approximately 3.97% of the Company's Shares (assuming that the Essential Resolutions are passed and 125,000,000 Shares are issued under the Public Offer).

For these reasons, if elected, the Board does not consider Mr Yeatman will be an independent Director.

10.4 Mr Terence Gray – BBus GradDipAppFinInv

(a) Biography and other material directorships

Mr Gray is the principal of Tegis Capital (AFSRN:001282656; AFSL:472387) offering investment management and corporate advisory services.

Terence was a Non-Executive Director of Spirit Telecom Limited, an ASX listed telecommunications company (ASX:SP1), from 2014 to 2020 and was also Chair of the Audit and Risk Committee during his tenor. Previous roles include Head of Equities at ANZ Funds Management, Chief Investment Officer at Allianz Equity Management, Head of Research at Allianz Dresdner Asset Management, Director of Corporate Finance at Grange Securities and Corporate Consultant nominated as a Responsible Manager for Lodge Partners stockbroking.

Terence has deep knowledge of funds management and the Australian equity market providing expertise in company valuation, corporate financing and mergers and acquisition activity.

Terence is currently a Director of Synergen Met Pty Ltd, an operating innovative industrial technology company.

(b) **Independence**

Terence Gray has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected, the Board considers that Terence Gray will be an independent Director.

10.5 Board recommendation

The Board supports the election of the Proposed Directors and recommends that Shareholders vote in favour of Resolution 18 to 20.

11. RESOLUTION 21 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

11.1 General

Resolution 21 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Incentive Performance Rights and Options Plan" (**Plan**) and for the issue of Performance Rights and Options under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of Performance Rights or Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 21 is passed, the Company will be able to issue Performance Rights and Options under the Plan to eligible participants over a period of 3 years. The issue of any Performance Rights or Options to eligible participants under the Plan (up to the maximum number of Securities stated in Section 11.2(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights or Options under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 21 is not passed, the Company will be able to proceed with the issue of Performance Rights and Options under the Plan to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

11.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 21:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 4;
- (b) the Company has not issued any Securities under the Plan as this is the first time that Shareholder approval is being sought for the adoption of the Plan. However, the Company notes that on 25 November 2015, Shareholders approved the adoption of, and issue of securities under, an employee performance rights plan, pursuant to which the Company issued 3,380,556 Performance Rights (on a pre-Consolidation basis);
- (c) the maximum number of Securities proposed to be issued under the Plan, following Shareholder approval, is 74,499,835 Securities (on a post-Consolidation basis). It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in Resolution 21 of this Notice.

12. RESOLUTION 22 – REPLACEMENT OF ARTICLES OF ASSOCIATION

12.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 22 is a special resolution which will enable the Company to repeal its existing Articles of Association and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Articles of Association was adopted in 1998.

The Directors believe that it is preferable in the circumstances to replace the existing Articles of Association with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Articles of Association. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in 2010;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Articles of Association in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.leafresources.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 7 3188 9040). Shareholders are invited to contact the Company if they have any queries or concerns.

12.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Articles of Association reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Articles of Association for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for

Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (d) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 22.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition by the Company of 100% of the issued capital of EQ from the Vendors.

Acquisition Agreements means the Founder Shareholder SSA and the Minority Shareholder SSA.

Articles of Association means the Company's articles of association.

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Class A Consideration Options means the Options exercisable at \$0.03 each, on or before 31 October 2021. The terms of the Class A Consideration Options are set out in Schedule 2.

Class B Consideration Options means the Options exercisable at \$0.023 each, on or before 1 March 2025. The terms of the Class B Consideration Options are set out in Schedule 2.

Company means Leaf Resources Limited (ACN 074 969 056).

Consideration Options means the Class A Consideration Options and Class B Consideration Options to be issued to certain Related Vendors in consideration for the cancellation of EQ Options held by them.

Consideration Performance Rights means the Performance Rights to be issued to certain of the Related Vendors in consideration for the cancellation of the EQ Performance Rights held by them.

Consideration Securities means the Consideration Shares, Consideration Options and Consideration Performance Rights.

Consideration Shares means the Shares to be issued to Vendors in consideration for the Acquisition.

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

Directors means the current directors of the Company.

EBITDA means earnings before interest, taxes, depreciation and amortisation.

EQ means Essential Queensland Pty Ltd (ACN ACN 617 150 320).

EQ Option means an option to acquire an EQ Share.

EQ Performance Rights means a performance right issued in the capital of EQ.

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

Explanatory Statement means the explanatory statement accompanying the Notice.

Founder Shareholder means Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust.

Founder Shareholder SSA has the meaning given in Section 1.7(a).

General Meeting or **Meeting** means the meeting convened by the Notice.

Gray Entities means Terence Gray and Elizabeth Gray ATF T+E Gray S/F, and Mr Terence Gray.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Lead Manager means Sequoia Corporate Finance Pty Ltd ACN 602 219 072 (a Corporate Authorised Representative No 469074 of Sequoia Wealth Management Pty Limited, ACN 002 314 310, AFSL No. 472387)

Listing Rules means the Listing Rules of ASX.

Material Adverse Effect has the meaning given in the Founder Shareholder SSA.

Minority Shareholder SSA has the meaning given in Section 1.7(b).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions.

PKF means PKF Melbourne Corporate Pty Ltd, the independent expert appointed by the Company.

Plan means the Incentive Performance Rights and Options Plan to be adopted by the Company subject to Shareholder approval, being the subject of Resolution 21 as summarised in Schedule 4.

Proposed Director means Messrs Ramon Mountfort, Grant Yeatman and Terence Gray, and each of which (subject to Resolutions 18 to 20 respectively) shall be appointed as Directors effective from completion of the Acquisition.

Proxy Form means the proxy form accompanying the Notice.

Related Vendors means the Gray Entities, the Richards Entities and the Yeatman Entities.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Richards Entities means Growth Capital (WA) Pty Ltd ATF the Richards Family Trust and Keliri Pty Ltd ATF the Richards Family Superannuation Fund.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Subsidiary means a subsidiary of the Company.

EST means Eastern Standard Time as observed in Brisbane, Queensland.

Yeatman Entities means Grant Richard Leslie Yeatman ATF the GC Family Trust and Mr Grant Yeatman.

SCHEDULE 1 – UNAUDITED PRO-FORMA BALANCE SHEET AS AT 30 JUNE 2020

	EQ			LER	Consolidated		
	30-Jun 2020 A\$	Pro-forma adj. A\$	Adjusted 30 Jun 20 A\$	30-Jun 2020 A\$	30-Jun 2020 A\$	Transaction Capital Raise A\$	Total A\$
Current Assets							
Cash and cash equivalents	1,390,260	1,109,200	(920,421)	1,579,039	10,725	1,589,764	2,622,500
Current Receivables	657,124			657,124	198,284	855,408	
Inventories	57,617			57,617		57,617	
Other Current Assets	8,466			8,466		8,466	
Total Current Assets	2,113,467	1,109,200	(920,421)	2,302,246	209,009	2,511,255	2,622,500
Non-Current Assets							
Plant and equipment	2,498,086		920,421	3,418,507	11,440	3,429,947	
Other Non-Current Assets	117,069			117,069		117,069	
Total Non-Current Assets	2,615,155	-	920,421	3,535,576	11,440	3,547,016	-
Total Assets	4,728,621	1,109,200	-	5,837,821	220,449	6,058,270	2,622,500
Current Liabilities							
Trade and other payables	116,635			116,635	648,267	764,902	
Employee Benefits					188,905	188,905	
Provisions	37,842			37,842	50,000	87,842	
Finance Leases	176,051			176,051		176,051	
Borrowings	233,282			233,282		233,282	
Total Current Liabilities	563,811	-	-	563,811	887,172	1,450,983	-
Non-Current Liabilities							
Finance Leases	1,473,989			1,473,989		1,473,989	
Employee Benefits				-	695	695	
Total Non-Current Liabilities	1,473,989	-	-	1,473,989	695	1,474,684	-
Total Liabilities	2,037,800	-	-	2,037,800	887,867	2,925,667	-
Net Assets	2,690,821	1,109,200	-	3,800,021	(667,418)	3,132,603	2,622,500
Equity							
Contributed equity	4,903,322	1,109,200		6,012,522	56,757,178	62,769,700	2,820,000
Reserves	67,610			67,610	910,315	977,925	
Accumulated losses	(2,280,110)			(2,280,110)	(58,334,911)	(60,615,021)	(197,500)
Total Equity	2,690,821	1,109,200	-	3,800,021	(667,418)	3,132,603	2,622,500

SCHEDULE 2 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

Subject to paragraph 9, the amount payable upon exercise of each Option will be:

- (a) \$0.03 per Class A Consideration Options (on a post-Consolidation basis); and
 - (b) \$0.023 per Class B Consideration Option (on a post-Consolidation basis);
- (each being an **Exercise Price**).

3. Expiry Date

Each Option will expire at 5:00 pm (EST) on:

- (a) for Class A Consideration Options, 31 October 2021; and
- (b) for Class B Consideration Options, 1 March 2025,

(each being an **Expiry Date**). An Option not exercised before its respective Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

11. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 3 – TERMS AND CONDITIONS OF CONSIDERATION PERFORMANCE RIGHTS

The terms and conditions of the Consideration Performance Rights to be issued are set out below:

1. Milestones

Subject to paragraph 17, the Performance Rights will vest as follows:

- (a) **Class A Performance Rights:** 11,000,000 Performance Rights (on a post-Consolidation basis) will vest on the later of the following milestones being satisfied:
 - (i) the Company Group achieving \$1,000,000 audited EBITDA per month for any consecutive three (3) month period, on or before 3 August 2023 (the **Class A Performance Milestone**); and
 - (ii) the holder remaining as a Director and/or Executive (or the equivalent) of the Company Group until 1 July 2023 (the **Class A Retention Milestone**).
- (b) **Class B Performance Rights:** 11,000,000 Performance Rights (on a post-Consolidation basis) will vest on the later of the following milestones being satisfied:
 - (i) the Company achieving \$2,000,000 audited EBITDA per month for any consecutive three (3) month period, on or before 3 August 2023 (the **Class B Performance Milestone**); and
 - (ii) the holder remaining as a Director and/or Executive (or the equivalent) of the Company Group until 1 July 2023 (the **Class B Retention Milestone**).
- (c) **Class C Performance Rights:** 11,000,000 Performance Rights (on a post-Consolidation basis) will vest on the later of the following milestones being satisfied:
 - (i) the Company achieving \$3,000,000 audited EBITDA per month for any consecutive three (3) month period, on or before 3 August 2023 (the **Class C Performance Milestone**); and
 - (ii) the holder remaining as a Director and/or Executive (or the equivalent) of the Company Group until 1 July 2023 (the **Class C Retention Milestone**).

The Class A Performance Milestone, Class B Performance Milestone and Class C Performance Milestone are each referred to as a **Performance Milestone**.

The Class A Retention Milestone, Class B Retention Milestone and Class C Retention Milestone are each referred to as a **Retention Milestone**.

2. Notification to holder

The Company shall notify the holder in writing when the Milestone has been satisfied.

3. Conversion

Subject to paragraph 13, upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share.

4. Share ranking

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

5. Application to ASX

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

6. Transfer of Performance Rights

The Performance Rights are not transferable.

7. Lapse of a Performance Right

If the Performance Milestone and or Retention Milestone attached to the relevant Performance Right has not been satisfied within the relevant time period set out in paragraph (a), the relevant Performance Rights will automatically lapse.

8. Participation in new issues

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

9. Reorganisation of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

10. Adjustment for bonus issue

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

11. Dividend and Voting Rights

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

12. Change in Control

Subject to paragraph 13, upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (i) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (ii) having been declared unconditional by the bidder.
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

13. Deferral of conversion if resulting in a prohibited acquisition of Shares

If the conversion of a Performance Right under paragraph 3 or 12 would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (a) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (b) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph 13(a) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

14. No rights to return of capital

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

15. Rights on winding up

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

16. No other rights

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

17. Ceasing to be a Director or Executive of the Company Group

Subject to the Performance Rights having not lapsed in accordance with paragraph 7 or having been converted into Shares in accordance with paragraph 3, unless otherwise agreed between the holder and the Company, if the holder's appointment (or engagement) with the Company Group is terminated:

(a) by the Company:

(i) without reason, in accordance with the relevant agreement under which the holder is appointed or engaged by the Company Group (the **Relevant Agreement**) and otherwise in good faith:

(A) all Performance Rights for which the Performance Milestone has not been satisfied will be forfeited by the holder and cancelled by the Company; and

(B) all Performance Rights for which the Performance Milestone has been satisfied will immediately vest;

(ii) with reason (except where the termination relates to death, incapacitation, illness or injury (of any kind) which prevents the holder from performing his duties) or summarily without notice, in accordance with the Relevant Agreement:

(A) on or before 1 July 2023, all Performance Rights will be forfeited by the holder and cancelled by the Company (regardless of satisfaction of the Performance Milestone); or

(B) after 1 July 2023:

(I) all Performance Rights for which the Performance Milestone has not been satisfied will be forfeited by the holder and cancelled by the Company; and

(II) all Performance Rights for which the Performance Milestone has been satisfied will immediately vest; or

(iii) with reason, where the termination relates to death, incapacitation, illness, or injury (of any kind) which prevents the holder from performing his duties, in accordance with the Relevant Agreement:

(A) all Performance Rights for which the Performance Milestone has not been satisfied will be forfeited by the holder and cancelled by the Company; and

- (B) all Performance Rights for which the Performance Milestone has been satisfied will immediately vest (and may be converted into Shares by the holder or his nominee); or
- (b) by the holder:
 - (i) without reason, in accordance with the Relevant Agreement:
 - (A) on or before 1 July 2023, all Performance Rights will be forfeited by the holder and cancelled by the Company (regardless of satisfaction of the Performance Milestone); or
 - (B) after 1 July 2023:
 - (I) all Performance Rights for which the Performance Milestone has not been satisfied will be forfeited by the holder and cancelled by the Company; and
 - (II) all Performance Rights for which the Performance Milestone has been satisfied will immediately vest; or
 - (ii) with reason, in accordance with the Relevant Agreement:
 - (A) all Performance Rights for which the Performance Milestone has not been satisfied will be forfeited by the holder and cancelled by the Company; and
 - (B) all Performance Rights for which the Performance Milestone has been satisfied will immediately vest.

SCHEDULE 4 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS AND OPTIONS PLAN

The material terms and conditions of the Performance Rights and Options Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (i) a full or part time employee of any Group Company;
 - (ii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iii) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options or Performance Rights (**Awards**) under the Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Vesting conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (g) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards

have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
- (Special Circumstances)**, or
- (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(h) **Cashless Exercise Facility**

In lieu of paying the aggregate Option exercise price to purchase Shares, an Eligible Participant may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (**Cashless Exercise Facility**):

$$A = \frac{B (C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Optionholder;

B = the number of Shares otherwise issuable upon the exercise of the Options or portion of the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and

D = the Option exercise price.

For the purposes of this Section, **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5)

trading days immediately preceding that given date, unless otherwise specified in an Offer.

- (i) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing, or hedging of, the Award occurring;
 - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
 - (vii) the expiry date of the Award.
- (j) **Not transferrable:** Subject to the Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (k) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (l)) from the date of issue, rank on equal terms with all other Shares on issue.
- (l) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (m) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

- (n) **No participation rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
- (o) **Change in exercise price of number of underlying securities:** An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (p) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (q) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Leaf Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **1:00pm (AEST) on Wednesday, 25 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Leaf Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **1:00pm (AEST) on Friday, 27 November 2020 at Venue to be confirmed, shareholders will be notified of further details in due course (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 12 to 17 and 21 (except where I/we have indicated a different voting intention below) even though Resolutions 12 to 17 and 21 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Approval of Acquisition of Essential Queensland Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Issue of Corporate Advisor Shares to Tegis Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval to Issue Debt Conversion Shares to Mr Doug Rathbone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to Issue Consideration Shares to Related and Founder Vendor – Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval to Issue Debt Conversion Shares to Mr Ken Richards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to Issue Consideration Shares to Unrelated Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval to Issue Debt Conversion Shares to Mr Alex Baker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Consideration Securities to Related Vendor – Growth Capital (WA) Pty Ltd ATF The Richards Family Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval to Issue Debt Conversion Shares to Mr William Baum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Consideration Securities to Related Vendor – Keliri Pty Ltd ATF The Richards Family Superannuation Fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Approval to Issue Debt Conversion Shares to Mr Matthew Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Consideration Shares to Related Vendor – Terence Gray and Elizabeth Gray ATF The T+E Gray S/F	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Election of Proposed Director – Mr Ramon Mountfort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Consideration Performance Rights to Related Vendor – Mr Terence Gray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Election of Proposed Director – Mr Grant Yeatman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Issue of Consideration Shares to Related Vendor – Grant Yeatman ATF The Gc Family Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Election of Proposed Director – Mr Terence Gray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Issue of Consideration Performance Rights to Related Vendor – Mr Grant Yeatman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Adoption of Incentive Performance Rights and Options Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Issue of Shares pursuant to Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Replacement of Articles Of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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