

22 December 2020

ASX Release

**Leaf Resources to Recommence Trading on ASX
Following Successful Over-subscribed \$3.0m Raising**

Leaf Resources Limited (ASX: LER) (“**Leaf**” or the “**Company**”), is now positioned to become a leading supplier of sustainable pine chemicals and will recommence trading on the ASX on Tuesday, 22 December 2020. This follows the scrip acquisition of 100% of the issued capital of Essential Queensland Pty Ltd (“**EQ**”) and finalising a \$3m fund raising to fund growth and re-compliance with chapters 1 and 2 of the ASX listing rules.

HIGHLIGHTS

- **Leaf will relist after raising \$3m following the completion of the acquisition of EQ**
- **EQ believes that it is embarking on the biggest step-change that the US\$10bn pine chemicals industry has experienced since the 1950’s**
- **EQ owns a proprietary production process to extract rosin and terpenes from pine that is highly complementary to Leaf’s technologies**
- **EQ is currently commissioning its first plant at its Apple Tree Creek Facility, and is on schedule, with first sales expected in January 2021**

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. The pine chemicals market is estimated at US\$10bn.

EQ is synergistic with Leaf’s technology that converts non-food plant biomass into Lignin and industrial sugars that can be converted into useful, sustainable, renewable chemicals, biodegradable biomaterials and recyclable biomaterials.

The Company’s vision is to become the global supplier of sustainable natural chemicals.

The capital raising was well supported by a range of institutional and retail investors across Australia and New Zealand, representing both new and existing shareholders. The applications significantly exceeded the offer size of \$3.0m.

The capital raising positions the Company for growth with EQ’s maiden plant commissioning being commenced in December 2020 and first revenues expected in January 2021.

Progress on Essential Queensland's Plant

Construction at Essential Queensland's Apple Tree Creek site is nearing completion. All major items are in place, with the final work on electrical connection and piping almost complete. Initial commissioning on the front end of the plant (wood handling) has been completed and has performed to specification. Commissioning on the rest of the plant is ongoing. Progress is in line with an expectation of first revenues occurring in January 2021.

Full operation of the 8,000 tonnes per annum plant is expected by May 2021. Once the initial plant is established and operating, the Company will decide the most appropriate expansion opportunities, which include the potential for brownfields expansion and/or new greenfield operations both domestically and internationally.



EQ's plant commissioning in progress at Apple Tree Creek, Queensland

Competitive Advantage

EQ's products are organically extracted eliminating harmful waste streams and chemical contaminants in the end products. This makes EQ products suitable for all downstream processing including food grade products. The Company believes this to be the biggest step-change the pine chemicals industry has seen since the 1950's.

Key features include:

- High efficiency state-of-the-art extraction compared to existing operators
- Low cost production
- Ability to produce a number of products including the highest quality natural rosin and terpenes, to meet changing market conditions.

Pine Chemical Market Snapshot

Rosin and terpenes from pine 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. Most consumers touch, smell, and consume pine chemical products daily.

Pine chemicals directly account for over US\$10 billion in annual revenues. The global pine chemicals market is estimated to grow with a CAGR of over 5% in coming years. EQ expects market demand and price of Pine Chemicals to continue to grow in line with worldwide demand for sustainable renewable chemicals. This view is supported by diminishing sources of supply of pine chemicals due to high cost of extraction and inefficient "old world" supply practices, particularly the high labour-based tree tapping production methods.

Prices for Terpenes and Rosins have been strong over the last 6 months with traded price increases of greater than 50% for both Rosin and Terpenes.

Leaf Fund Raising

Leaf's \$3m fund raising was coordinated by Sequoia Corporate Finance Pty Ltd and received strong support from the investment community with investors being scaled back from their requested amounts.

Leaf has today lodged on the ASX the Company's Pre Quotation Disclosure – Statement of Confirmations which has full details on the transaction.

On listing Leaf Resources will have 1,490,823,749 ordinary shares on issue and various performance rights and options as detailed in the prospectus.

New Board

Following the completion of the transaction Leaf's Board is now comprised of:

Ken Richards	Chairman
Ray Mountfort	Managing Director
Grant Yeatman	Executive Director
Doug Rathbone	Non-Executive Director
Terry Gray	Non-Executive Director

Mr Alex Baker and Mr Bill Baum will continue to provide services to the Company in a consultancy capacity as part of the company's Advisory Board.

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About Leaf Resources

Leaf Resources is a leading company in converting plant biomass into industrial sugars. Our proprietary process for converting biomass-to-functional industrial sugars enable a myriad of downstream technologies for the production of renewable chemicals that will substitute petrochemicals used in manufacturing today. More at www.leafresources.com.au.

Leaf and EQ technologies are highly complementary as both enable the replacement of petroleum-based chemicals and plastics with the aim of moving markets towards the bio economy. In addition, the extraction process employed by EQ results in a cellulosic 'waste' product that is a potential feedstock to LER's proprietary "Glycell"TM process for producing clean industrial sugars.