

ASX RELEASE

30 November 2021

## Chairman's AGM Address

Leaf Resources Limited (ASX: LER) (the **Company**) is pleased to provide a copy of the Chairman's address to the Annual General Meeting of the Company, to be held at 2pm (Brisbane time) today.

### AUTHORISATION STATEMENT

This announcement has been authorised to be given to ASX by the Board of Leaf Resources Limited.

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**KEN RICHARDS**

Chairman

Mob: 0408 891 491

[ken.richards@leafresources.com.au](mailto:ken.richards@leafresources.com.au)

**Chairman's Address**  
**Leaf Resources Ltd**  
**Annual General Meeting**  
**30 November 2021**

The last twelve months has been a busy time for Leaf Resources and its staff.

As announced on 22 December 2020, Leaf completed the scrip acquisition of 100% of the issued capital of Essential Queensland Pty Ltd and finalised a \$3m fund raising to fund growth and re-compliance with chapters 1 and 2 of the ASX listing rules.

Essential Queensland 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.

During 2021 the Leaf team has been working diligently to finalise the construction of and commission of its Apple Creek plant and move towards its designated 8,000 TPA capability. A highlight, in the June quarter, was the achievement of the Company's first sales order for pine chemicals, which was delivered to Yasuhara Chemical Co. LTD ("Yasuhara"). The customer's testing reaffirming that the product was 100% natural.

Leaf also carried out trials that successfully confirmed the viability of pine stumps as a feedstock to Leaf's patent pending pine chemical production process. Prior to this ground-breaking work and analysis, stumps have typically been left in the ground as forest and timberland managers considered stumps a waste product due to the relatively high cost of removing them.

This work on stumps was significant as not only do pine stumps have +20% more pine chemicals in comparison to logs, but stump harvesting is also regenerative and encourages reforestation.

In July the company successfully raised \$8,000,000 through a placement, which was strongly supported by a range of new and existing institutional and sophisticated investors. The proceeds from funds raised from the Placement are intended to be used to finance the purchase of wood pelleting equipment and fast-track the Company's expansion beyond 8,000tpa.

Work continued through the October quarter with the project engineering team focused on optimising the desolventisation phase, the last step to bring up to capacity to ensure that production targets could be met. This was to be a critical milestone and inflection point, that once reached, will mean the Apple Tree Creek Plant will be in production scale-up phase. Work was progressing very positively in the second week of November with significant milestones being achieved, including the production of on-specification rosin.

On the morning of Friday 12th November 2021 staff were very positive about those achievements. Unfortunately, later that afternoon, the plant was struck by lightning and that set off a chain of events culminating in an explosion at the Company's Apple Creek plant.

The explosion resulted in injuries, with one contractor taken to the Bundaberg Hospital with serious facial injuries and burns while another employee was treated for minor injuries.

Workplace health and safety officers have been on site investigating the cause of the accident. Leaf is co-operating with Worksafe on this investigation and as at today Worksafe are still in control of the site.

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The Company's immediate concern following the explosion has been for the well-being of its employees and contractors, and management has been in direct contact with the injured contractor's family. The Company has offered counselling for all employees and contractors with additional care for personnel directly involved in the incident.

The Company's insurers have been notified and assessors will attend the site. The Plant will not operate until all investigations are complete, damage is fully assessed, and necessary repairs are undertaken.

The Directors of Leaf requested a trading halt on the 15th of November 2021 and on the 17th of November 2021 the ASX granted the company voluntary suspension to the 15th December 2021.

The Company will seek to have the voluntary suspension remain in place until the Company is able to advise the market of the likely cause of the explosion; the full extent of the damage; the likely downtime; viability of and timeframes for remediation and repair program; insurance coverage and estimated financial impact due to loss of revenue and/or assets.

The explosion has been a setback to the company, but management are currently working on plans for the road forward and as quick a return to operations as is possible.

Whilst it is obviously a disappointing end to a year of great progress, I want to reassure shareholders that there is light at the end of the tunnel.

To our staff thank you for your contributions throughout the year and the considerable progress that has been made.