

ASX RELEASE

15 December 2021

Apple Tree Creek site update

Leaf Resources Limited (ASX: LER) ("**Leaf**" or "**Company**"), announced today, that initial visual assessment of the site has been completed, following the incident on Friday 12th November and the company being allowed access to the site by WorkSafe Queensland on 1st December 2021. This visual inspection has confirmed that the extractor and control rooms are damaged beyond repair and will require full reconstruction. Importantly, this is only approximately 10-15% of the plant infrastructure and the rest of the site appears, at this time, to have only minimal damage.

The front end processing and wood handling equipment has been tested and is fully operational.

The site is currently without power. A return to full electrical power at the plant is being finalized and by the end of next week the plant should have power.

Once power is re-established test work will begin to determine the structural and engineering integrity of the backend of the plant's processing equipment including the desolventiser, cooling and condensing units. This test work is expected to take several more weeks to complete before a full assessment of the damage to the plant can be confirmed.

The assessment by our insurance company has begun and is well advanced.

The Company has \$4.2m in cash, following the receipt of net proceeds of \$1,327,632 in relation to the Research and Development Tax Incentive Program as announced yesterday. The company has undertaken a substantial reduction of operational expenditure while the Company assesses 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.

AUTHORISATION STATEMENT

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

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