

13 July 2022

ASX Compliance Pty Ltd
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Leaf Resources Limited –Voluntary Suspension and Capital Raise

Leaf Resources Limited ACN 074 969 056 (ASX: LER) (“**Leaf**” or “**Company**”) requests a continuation of the voluntary suspension initially granted for its ordinary shares on 17 November 2021, until the market opens on 19 July 2022 or earlier.

In accordance with ASX Listing Rule 17.2, the Company provides the following information:

1. On 17 November 2021, a voluntary suspension was granted to allow the Company to confirm the circumstances and status regarding an incident at the Company’s Apple Tree Creek Pine Chemical Plant (“**Plant**”).
2. On 1 December 2021, the Company confirmed access to the site had been granted by WorkSafe Queensland, having completed their initial investigations.
3. Leaf continues to work with WorkSafe Queensland health and safety officers. The Company has provided all data requests to WorkSafe and awaits its assessment.
4. The Company has received confirmation from its insurance agent that it is indemnified by the insurers to replace damaged equipment. The Company has received progress payments of \$1.4m of an expected total payout of \$4.6m. The balance is expected to be received in instalments as the Company progresses in replacing the equipment.
5. The Company has paid NZ\$2,587,000 (including 15% GST) or NZ\$2,250,000 (excluding GST) for the solvent extraction equipment and work has began dismantling the plant in NZ while the Apple Tree Creek site is being readied for the installation of the replacement equipment.
6. On 13 May 2022, the Company announced it had secured short-term financing via the issuance of A\$1,510,000 secured convertible notes (“**Convertible Notes**”) and A\$500,000 expansion of the Facility Agreement with Altor Capital, enabling it to acquire key equipment required to restore its plant, being a fit for-purpose solvent extractor with capacity to produce 16,000 tonnes per annum (“**TPA**”) of Leaf’s natural pine chemical products, which is a doubling of the damaged plant’s capacity.
7. The Company is pleased to announce that it has received firm commitments from unrelated sophisticated and professional investors to raise a further \$5.1 million through the issue of 170.0 million fully paid ordinary shares in the Company (“**Shares**”) at \$0.03 per Share (“**Placement**”). For

every two Shares subscribed for in the Placement, participants in the Placement will receive, subject to shareholder approval, one free-attaching option to acquire a Share will be issued with an exercise price of \$0.045 each and expiring on 31 August 2023 (“Options”). The Placement was made at a discount of approximately 62% to the last traded price of Shares and a 61.67% discount to the 15-day VWAP of Shares. Settlement of the Placement and the issue of Shares under the Placement is expected to occur on or around 19 July 2022. The Options to be issued under the Placement will be issued pursuant to a prospectus to be lodged by the Company on or around 30 August 2022. Funds raised under the Placement are proposed to be allocated towards the Apple Tree Creek Plant rebuild, general working capital and costs of the offer.

8. As previously announced, the Company completed a convertible note issue in May 2022 pursuant to which \$1.51 million was raised by the Company. The Company has agreed that noteholders will convert their convertible notes to Shares at \$0.027 upon completion of the Placement, will receive, subject to shareholder approval, one free-attaching Option for every two Shares issued under the conversion, on the same terms as the Options issued under the Placement (“Note Issue”). No related parties participated in the convertible note raising.
9. The securities to be issued in respect of the Placement and the conversion of the convertible notes will be issued as follows:

	Shares issued under the Company’s available placement capacity pursuant to Listing Rule 7.1	Options to be issued subject to shareholder approval under Listing Rule 7.1*
Securities to be issued under the Placement	170,000,000	85,000,000
Securities to be issued in respect of conversion of the Convertible Notes	55,925,935	27,962,973
Total	225,925,935	112,962,973

* The Company plans to call an Extraordinary General Meeting to obtain Shareholders’ approval for the issuance of the Options at the earliest convenience. All Options will be issued under a prospectus proposed to be lodged by the Company in August 2022.

10. In consideration for the Company’s corporate advisor, Sequoia Corporate Finance (“Sequoia”), arranging the Placement and the preceding Note Issue, Sequoia will receive a 2% management fee and a 4% capital raise fee.
11. The Company plans to provide a further business update to the market on Monday, 18 July 2022 upon settlement of the Placement.
12. Upon the successful completion of the Placement, the Company plans to request ASX to lift the voluntary suspension of Leaf Resources Ltd on 19 July 2022.

Yours sincerely
Leaf Resources Limited

Ken Richards

Chairman