

CHAIRMAN'S ADDRESS
LEAF RESOURCES LTD
ANNUAL GENERAL MEETING
29TH NOVEMBER 22, 10.30 AM

This last year has been an interesting time in the development of Leaf Resources and its goal of becoming a leading natural and renewable pine chemical company. Whilst we have been recovering from the set back of events last year, I believe we have opened up a large window to a much better future and much larger development of sustainable pine chemicals

I would now like to confirm that the Board of Leaf Resources has made the definitive decision to build our first plant in New Zealand.

As pointed out in our quarterly announcement dated 31st October 2022 and by our Managing Director Ray Mountfort in his recent webinar there are substantial advantages in relocating to Rotorua. In Rotorua, Leaf would be executing the same business plan with the same plant in a well suited and strategic location that has potential for greater growth. Australia and Queensland are still in our planning but given the reasons outlined below New Zealand has moved to the top of the list.

Proposed factory:

Leaf has executed an MOU to lease a site in Rotorua that Ray believes is hugely advantageous. The site is well located and has a wood/stump supply on its doorstep. It is part of an industrial park so many (but not all) of the permits required are in place, as is much of the necessary external infrastructure such as roads and power supply. The site can be secured on a long-term lease at market rates and has ample room for the current plant as well as considerable scope for expansion

Work on turning the MOU into a lease has started.

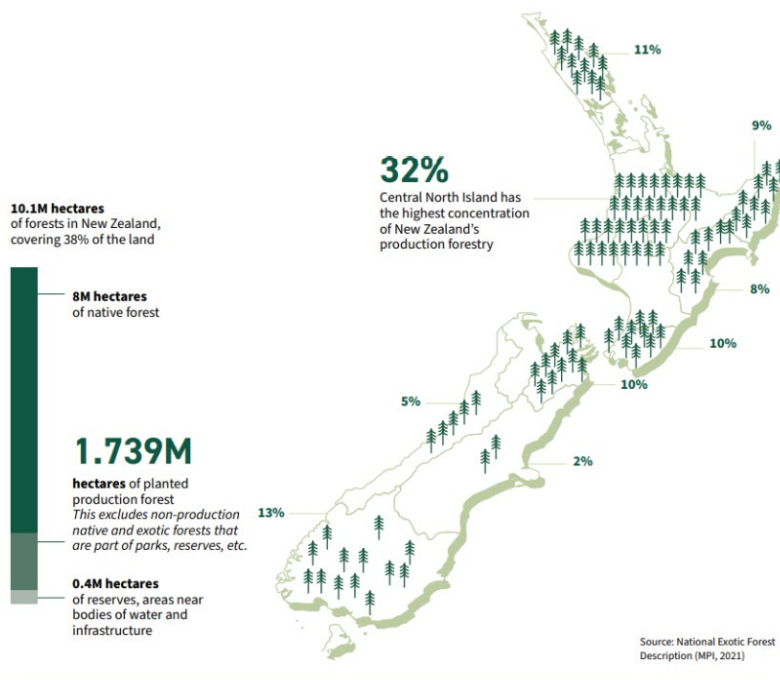
Wood Supply and Diversity of Ownership

Around Rotorua is an extremely large wood supply with a diversity of ownership of 2,000 plus owners. The maturity profile of that forest is also highly suitable for Leaf's operations and initial interactions with a small sample of owners shows they see the advantage of complete stump removal prior to replanting.

Distance of wood supply from proposed factory

There is sufficient wood supply within a 50KM distance from the proposed factory to adequately supply Leaf for years. This is approximately half of the distance we have been working on in Queensland and that lesser distance comes with considerable cartage savings. The below infographic shows that the Central North Island, where Rotorua is located, has the highest concentration of New Zealand's Forestry with (560,001 hectares) of productive forests. ¹

¹ New Zealand Government Draft Industry Transformation Plan



Quality of wood supply for rosin and terpene extraction

New Zealand Pine tends to have higher percentage of Terpenes than Rosin and given the higher value of Terpenes that is a benefit. The terpenes also tend to be of a higher quality, another benefit for revenue.

Location of equipment and retention of dismantling staff

The equipment we acquired in May 2022, is currently in containers and ready to transport over the next 4 weeks now only 100km down the road. Transport costs and time, especially given the vagaries of shipping markets are considerably less and that will result in cost savings.

It is also a considerable benefit to have the team that dismantled the plant largely available to reassemble the plant. They would not have come to Queensland and the ability to keep the experience that they have will be of considerable benefit to Leaf.

Workforce

Rotorua is the centre of Forestry services in New Zealand and as a regional centre is the focus of Government initiatives to create employment. There are several other towns around it and with Tauranga only 67 kms away via a state highway there is a larger population pool from which to draw workers.

Power and energy costs

There are savings in power and energy costs and because both are located at the doorstep of the proposed site there are also connection savings.

Pellets

An integral part of the planning for New Zealand is the production of pellets. Leaf's extraction process has already done a lot of the work necessary to make pellets, so we have considerable cost savings in their production.

There is a strong domestic market for pellets and considerable scope for export given the world-wide demand for pellets. The potential for a considerably larger plant in New Zealand has already led to initial discussions with parties with large appetites for pellets and sustainable pine chemicals

Government funding and other non-dilutional funding sources

The New Zealand government has set goals to reduce emissions by 54 million tonnes by 2050.² To achieve this target the New Zealand Government has policies in place aimed at growing the forestry and wood processing industry to deliver more value from low-carbon products, while delivering jobs for communities. Government grants are available not only for forestry but also for decarbonisation and job creation in regional areas such as Rotorua. In addition to national government funding there is potentially funds from Māori trusts and other levels of government.

Overview

Now that we have a site under MOU the detailed financial work on that site can start. Leaf's Board of Directors believe that the benefits outlined above, especially the cost savings, will make for a better return from a New Zealand site than a Queensland site with a much larger potential for expansion. The scale of operations will also allow further value adding in the future with additional financial benefits.

AUTHORISATION STATEMENT

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

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ABOUT LEAF RESOURCES

Following the acquisition of Essential Queensland Pty Ltd ("EQ") in December 2020, Leaf Resources is embarking on the biggest step-change the pine chemicals industry has experienced since the 1950's. It has developed a world-first, proprietary process for extracting pine chemicals in a sustainable and scalable way.

Leaf applies the patented natural organic solvent production process to extract sustainable and clean pine chemicals from resinous pine logs and stumps at significantly lower cost than existing global supply, without the chemical additives traditionally used.

Leaf and EQ technologies enable the replacement of petroleum-based chemicals and plastics as society moves towards the bio economy.

² New Zealand Government Draft Industry Transformation Plan