

ASX RELEASE

10 January 2023

LEAF SECURES OFFTAKE LOI WITH FORMOSA AND STRATEGIC INVESTMENT

Highlights:

- ✓ Leaf Resources Limited (ASX:LER) receives a signed non-binding Letter of Intent from Formosa Plastics Group for offtake of 300,000 tonnes per annum of premium wood pellets
- ✓ Founded in 1954, Formosa Plastics Group is a large multi-national conglomerate headquartered in Taiwan, with annual revenue of around US\$90 billion (AU\$135 billion), annual profit of around US\$17 billion (AU\$25 billion) and around 117,000 employees worldwide¹
- ✓ Private placement to Formosa Group Australia Pty Ltd and Formosa Technologies Pty Ltd to raise ~\$5.35 million from the issue of ~445.5 million new shares at \$0.012 per share, subject to shareholder approval
- ✓ This private placement will be followed by a 1 for 5 renounceable rights issue to existing shareholders on substantially the same terms as that private placement
- ✓ Construction of the initial pine chemicals plant to be located at Rotorua, New Zealand is expected to commence in Q1 2023 and targeted to be operational by Q4 2023

BACKGROUND

Leaf Resources Limited (ASX:LER) ("**Leaf**" or "**Company**"), a natural and renewable pine chemicals company, is delighted to announce receipt of a signed non-binding Letter of Intent ("**LOI**") from **Formosa Plastics Group** ("**Formosa**"), through its Australian arm and authorised representative, **Formosa Group Australia Pty Ltd**, in relation to the potential offtake of premium wood pellets.

Under the LOI, Formosa intends to purchase around 300,000 tonnes per annum (with an option to expand) of premium wood pellets for an initial period of 3 years (with option for rollovers and/or extensions) from Leaf's proposed wood pellet production facility to be constructed in Rotorua, New Zealand.

FORMOSA AND OFFTAKE

Founded in 1954, Formosa is a large diversified multi-national conglomerate headquartered in Taiwan, with annual revenue of around US\$90 billion (AU\$135 billion), annual profit of around US\$17 billion (AU\$25 billion) and around 117,000 employees worldwide.

Formosa's global business empire includes over 250 national and international businesses involved in industries ranging from oil refining, petrochemicals, plastics, fibres, textiles, electronics, energy, steel making, transportation, machinery, healthcare, biotechnology, LED lighting, UV-C LED sterilisation technologies etc.

Formosa is also a major investor in Australia having already invested around US\$2.5 billion (AU\$3.75 billion) in the iron ore industry.

Formosa's demand for Leaf's premium wood pellet product forms part of their ongoing carbon offset management program.

Leaf's premium wood pellets will be manufactured from spent wood (wood chips) already used in the chemical extraction process.

In line with the Company's future growth aspirations, the LOI provides that Formosa has the option to purchase production of premium wood pellets from additional facilities operated by Leaf in the future (up to 9 million tonnes per annum).

Leaf welcomes Formosa to be part of the Company's growth and long-term business aspirations.

STRATEGIC FINANCING

Leaf is delighted to announce that it has signed conditional agreements with two Australian private companies, Formosa Group Australia Pty Ltd ("**FGA**") and Formosa Technologies Pty Ltd ("**FT**"), to invest a total of ~A\$5.35 million into the Company.

This strategic investment will be facilitated via the issue of approximately 445.5 million fully paid ordinary shares in the Company ("**Shares**") at an issue price of \$0.012 per Share ("**Placement**").

For every Share subscribed for in the Placement, one attaching option will be issued with an exercise price of \$0.045 expiring on 31 December 2025 ("**Options**").

FGA and FT will each be entitled to appoint a director to the board of the Company at completion of the Placement.

The issue of Shares and Options is subject to Leaf shareholder approval.

Both investee companies are private businesses registered in Australia operating under the auspices of Formosa, but are separately owned.

In addition, as soon as practicable after receipt of shareholders' approval and completion of the Placement, Leaf will undertake a pro rata offer of Shares and Options on the expanded capital base to shareholders of Leaf ("**Shareholders**") at a ratio of 1 new Share for every 5 Shares held ("**Pro Rata Offer**") on substantially the same terms as the Placement.

As per the announcement released to the ASX on 8 December 2022, the Company recently received a R&D tax rebate of ~\$1.9 million which adds to the available cash reserves at hand.

This capital raising should enable the Company to expedite plant construction and accelerate the reinstatement of production.

Leaf welcomes the strategic investors to the register in the knowledge they are aligned to the Company's near and long-term strategy.

Sequoia Corporate Finance advised on the Placement and Pro Rata Offer.

KEY DATES

Action	Indicative Date
ASX announcement of Placement and Pro-Rata Offer	10 January 2023
Notice of meeting sent to approve Placement under ASX LR 7.1	10 February 2023
LER Shareholders' meeting	13 March 2023
Settlement of Placement	14 March 2023
Ex-date and rights trading commences	17 March 2023
Record date for participation in Pro Rata Offer	20 March 2023
Pro Rata Offer prospectus sent	23 March 2023
Pro Rata Offer closes	14 April 2023
Announce results of Pro Rata Offer	19 April 2023

The above timetable is indicative only and subject to change.

Leaf reserves the right to alter the above dates at its full discretion and without prior notice, subject to any applicable ASX Listing Rule.

Changes to important dates will be notified to ASX.

¹ Bloomberg: assume USD/AUD exchange rate of 1 USD = \$1.50 AUD

For more information please contact:

Leaf Resources Limited

investors@leafresources.com.au

Investor Relations

Peter Taylor

Peter@nwrcommunications.com.au

AUTHORISATION STATEMENT

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

ABOUT LEAF RESOURCES

Leaf is positioning itself to become a leading global supplier of natural and renewable pine chemicals and wood pellets. It has developed a proprietary process to naturally extract pine chemicals by employing the trees own solvent chemicals to extract rosin and terpenes. These products are commonly used in industrial manufacturing and are a key input to everyday end products. These products include adhesives, gum, inks, paint, car tyres and perfume.