

ASX RELEASE

3 April 2023

COMPANY UPDATE

Leaf Resources Limited (ASX: LER, “Leaf” or the “Company”), a leading natural and renewable pine chemical and biomass pellet manufacturing company, wishes to provide an update on its current operations.

ROTORUA PLANT CONSTRUCTION

The Company has recently received an offer for the lease of the Rotorua, New Zealand site and is now in the process of negotiating the final details of a counter-offer to conclude a 30-year lease.

Commencement of site earthworks and other regulatory approvals have been impacted by significant delays in finalising the lease contract as well as the devastation to the region caused by cyclone Gabrielle.

The construction of an integrated manufacturing plant to produce at least 300,000 tonnes per annum of wood pellets and 16,000 tonnes per annum of pine chemicals is currently being planned, which has been specifically designed to meet growing local and global demand as well as to achieve economies of scale.

Moreover, Leaf has been working with the new board appointees to set the strategic direction of the company as well as the planning and implementation of the company’s flagship project in New Zealand. In this regard, Henry Cheng and Dr Maurice Fabiani have recently been in Rotorua, New Zealand, to undertake a site visit and meet with senior government officials, potential suppliers and key stakeholders.

NEW ZEALAND MARKET

A key goal in ***New Zealand Government Forestry and Wood Processing Industry Transformation Plan***¹ (“NZGFWPITP”) is for New Zealand to become a world leading producer and exporter of high-value wood-fibre products.

Leaf’s current project represents a tailor-made and readily available solution for the NZGFWPITP by utilising the entire tree from renewable plantation forests to create additional value by first extracting high-value natural pine chemicals prior to the production of wood pellets. Leaf’s integrated manufacturing process provides a unique competitive edge and a long-term sustainable business model.

Leaf has identified a potential opportunity to partner with the New Zealand Government and is currently developing a long-term strategic plan to support the government’s 2050 net zero carbon emissions goals.

CORPORATE UPDATE

Leaf recently welcomed senior representatives of Yasuhara Chemical Co. Ltd (“Yasuhara”), the company’s pine chemical offtake partner, for a site tour in Rotorua, New Zealand. Leaf continues to develop and strengthen its long-term relationship with Yasuhara as a key strategic partner.

On 10 March 2023, it was announced that Dr Fabiani will invest A\$480,000 in the Company by subscribing for 40,000,000 fully paid ordinary shares in the Company at \$0.012 per share (“Shares”), and one free attaching option for every Share subscribed (“Options”).

The Company advises that it has approved for Dr Fabiani to increase his proposed holding up to a revised amount of 42,000,000 Shares (with corresponding attaching Options).

By way of clarification, the nature of Dr Fabiani’s subscription for the Shares is part of the private placement of Leaf securities to Formosa Group Australia Pty Ltd (“FGA”), whereby he is the CEO and has shareholder interests in FGA.

¹ New Zealand Government Forestry and Wood Processing Industry Transformation Plan

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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

Leaf is positioning itself to become a leading global supplier of natural and renewable pine chemicals and biomass 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.