

LEAF RESOURCES LIMITED
ACN 074 969 056

PROSPECTUS

For the offer of up to 1,000 Shares in the capital of Leaf Resources Limited (the **Company**) at an issue price of \$0.012 per Share to raise up to \$12 (before expenses) (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

Kenneth (Ken) Richards**
Non-Executive Chairman

Douglas (Doug) Rathbone**
Non-Executive Director

Ramon (Ray) Mountfort
Managing Director

Registered Office

Level 1
27 James Street
Fortitude Valley QLD 4006

Telephone: + 61 8 7 3188 9040

Email: info@leafresources.com.au
Website: www.leafresources.com.au

Company Secretary

Drew Speedy

Share Registry*

Link Market Services Limited
Level 21, 10 Eagle Street,
Brisbane QLD 4000

Telephone: +61 8 7 3320 2200
Facsimile: +61 8

ASX Code

LER

Lawyers

Steinepreis Paganin
Level 6, 99 William Street
Melbourne VIC 3000

Auditors*

Grant Thornton Audit Pty Ltd
102 Adelaide Street
Brisbane QLD 4000

*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

**As announced by the Company on 10 March 2023, Mr Ken Richards and Mr Doug Rathbone will resign from the Board and Proposed Directors, Mr Pai-Heng (Henry) Cheng and Dr Maurizio (Maurice) Fabiani will be appointed to replace Mr Richards and Mr Rathbone on or about 5 April 2023 at the completion of the Placement.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	4 April 2023
Opening Date	4 April 2023
Closing Date*	5:00pm AEST on 5 April 2023
Expected date of Official Quotation of the Shares	5 April 2023

* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 4 April 2023 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.leafresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Risk Factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.5 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

2.7 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.012 per Share to raise up to \$12 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

3.2 Background to the Placement Shares

On 10 March 2023, the Company announced that it had received firm commitments from Formosa Group Australia Pty Ltd (**FGA**) and Dr Maurizio (Maurice) Fabiani to raise \$3,000,000 via the issue of approximately 250,000,000 Shares (**Placement Shares**) in the Company at \$0.012 per Share (**Placement**).

The Company also announced that the participants in the Placement would be issued one (1) free-attaching Option for every one (1) Share subscribed for and issued to them pursuant to the Placement (**Placement Options**).

The Placement Options to be issued to FGA (and/or nominee) will be issued, subject to shareholder approval, and the Placement Options to be issued to Dr Fabiani will be issued pursuant to the Company's existing placement capacity. The Placement Options are exercisable at \$0.045 on or before 31 December 2025.

On 3 April 2023, the Company announced that Dr Fabiani will subscribe for securities under the Placement as a nominee of FGA and will also increase his investment by an additional \$24,000. Dr Fabiani, as the nominee of FGA, will be issued a total of 42,000,000 Placement Shares and 42,000,000 Placement Options under the Placement.

As at the date of this Prospectus, the Company has raised a total of \$3,024,000 under the Placement. Accordingly, the Company will issue:

- (a) 210,000,000 Placement Shares to FGA (and/or nominee), pursuant to the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A; and
- (b) 42,000,000 Placement Shares and 42,000,000 Placement Options to Dr Fabiani (as a nominee of FGA), pursuant to the Company's available placement capacity under ASX Listing Rules 7.1.

The funds raised under the Placement will be used to progress development of the initial pine chemicals plant in Rotorua, New Zealand and cover the costs of the Offer.

No funds will be raised from the issue of the Placement Options as they are being issued free attaching with the Placement Shares.

The remaining 210,000,000 Placement Options will be issued to FGA (and/or nominee) subject to the Company obtaining Shareholder approval at the Company's upcoming general meeting to be held on or around 17 May 2023 (**General Meeting**).

Accordingly, no Placement Options will be issued to FGA (and/or nominee) where Shareholder approval is not obtained at the General Meeting.

3.3 Objective

The Company is seeking to raise only a nominal amount of \$12 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.012 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
Leaf Resources Limited Unit 10, 12 Kelly Court Landsborough QLD 4550	Leaf Resources Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235

Cheques should be made payable to "**Leaf Resources Limited**" and crossed "**Not Negotiable**". Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

3.5 Minimum subscription

There is no minimum subscription.

3.6 Issue of Shares

Issue of Shares under the Offer will take place as soon as practicable after the Closing Date. Application monies will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

Where the number of Shares issued is less than the number applied for, the surplus monies will be refunded to the Applicant as soon as practicable after the Closing Date. Where no issue of Shares is made, the amount tendered on application will be refunded in full to the Applicant as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

3.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.8 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.9 Enquiries

Any questions concerning the Offer should be directed to Ramon Mountfort, Managing Director ray.mountfort@leafresources.com.au.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus).

Accordingly, the Company is seeking to raise only a nominal amount of \$12 under the Offer as the purpose of the Offer is not to raise capital. Refer to Section 7.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares ¹	Number
Shares currently on issue	1,810,038,878
Shares to be issued under the Placement ²	252,000,000
Shares offered under this Prospectus	1,000
Total Shares on issue on completion of the Offer³	2,062,039,878

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5 of this Prospectus.
2. As announced on 10 March 2023 and 3 April 2023, 252,000,000 Placement Shares will be issued by the Company at an issue price of \$0.012 per Share prior to the Closing Date.
3. This assumes the Offer is fully subscribed and no Options are exercised.

Options	Number
Unlisted Options currently on issue ¹	151,878,819
Options to be issued under the Placement ²	42,000,000
Options offered under this Prospectus	Nil
Total Options on issue on completion of the Offer	193,878,819

Notes:

1. Comprising of:
 - (a) 665,834 unlisted Options each exercisable at \$0.1765 on or before 22/05/23;
 - (b) 1,275,000 unlisted Options each exercisable at \$0.1765 on or before 14/09/23;
 - (c) 112,962,985 unlisted Options each exercisable at \$0.045 on or before 31/08/23;
 - (d) 100,000 unlisted Options each exercisable at \$0.13 on or before 29/04/24;
 - (e) 1,275,000 unlisted Options each exercisable at \$0.1765 on or before 01/02/24;
 - (f) 850,000 unlisted Options each exercisable at \$0.2941 on or before 01/04/24;
 - (g) 24,750,000 unlisted Options each exercisable at \$0.023 on or before 01/03/25; and
 - (h) 10,000,000 unlisted Options each exercisable at \$0.04 on or before 19/07/25.
2. As announced on 3 April 2023, 42,000,000 Placement Options will be issued by the Company to Dr Fabiani, as a nominee of FGA, prior to the Closing Date.
3. This assumes the Offer is fully subscribed and no Options are exercised.

Performance Rights	Number
Unlisted Performance Rights currently on issue ¹	16,500,000
Performance Rights offered under this Prospectus	Nil
Total Performance Rights on issue on completion of the Offer	16,500,000

Notes:

1. Comprising of 16,500,000 Performance Rights with a nil exercise price and have performance and employment retention vesting conditions to be achieved prior to 3 August 2023.

4.3 Financial effect of the Offer

After expenses of the Offer of approximately \$10,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$12) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$12 less costs of preparing the Prospectus of approximately \$10,000.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

5.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

5.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms

and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

5.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

5.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

5.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

5.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

5.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(a) Going Concern Risk

The Company's interim financial report for the half-year ended 31 December 2022 (released to the ASX on 28 February 2023) includes notes on the financial condition of the Company Group and the possible existence of a material uncertainty about the Company Group's ability to continue as a going concern.

For the period ending 31 December 2022, the Company Group has incurred a loss before income tax of \$5,243,276 (2021: \$4,391,212) and had negative cash flows from operating activities of \$981,869 (2021: \$1,555,016). Prima facie these conditions, combined with the decision to rebuild the operating plant in Rotorua New Zealand, may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have considered the following events have occurred post 31 December 2022. As announced on 10 March 2023 and 3 April 2023, the Company has firm commitments from FGA and Dr Fabiani, who will invest up to \$3,024,000 in the Company by subscribing up to 252,000,000 Placement Shares. The Placement Shares are expected to be issued on or around 4 April 2023 under the Company's existing placement capacity. The funds are expected to be used to progress development of the initial pine chemicals plant in Rotorua, New Zealand.

On this basis, the Directors believe that the going concern basis of presentation is appropriate.

Notwithstanding this, there continues to be a material uncertainty related to the events described above, including the expectation to raise additional funds required to complete the build of the New Zealand plant.

At 31 December 2022, the Group has positive net current assets of \$1,123,471 and positive total net assets of \$8,061,383. This includes a receivable for \$400,000 in insurance recoveries. The Company is also

working with claims preparation experts to assist in obtaining further claims recoveries.

As a result of the incident at the Apple Tree Creek plant, the Company understands that WorkSafe Queensland may raise a penalty as is standard in similar scenarios. As at 31 December 2022, WorkSafe Queensland is yet to conclude its investigation into the explosion that occurred on 12 November 2021 at the Apple Tree Creek plant. However, confirmation on the timing and extent of the penalty have not yet been provided. The Company is continuing to work closely with WorkSafe Queensland to compile all the information needed for them to complete their investigation.

The Company is continuing to seek recoveries through insurance for the damages and the Company has insurance coverage in relation to penalty and fines. During the 2022 financial year, the Company's insurer has made progress payments of \$1,400,000. In December 2022, the insurer offered final settlement with a proposed additional \$400,000. Whilst the Company will be receiving the funds, the Company is of the opinion that the assessment is not adequate. The Company is now working with third-party claims preparation experts to ensure the best outcome for final settlement.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not have the ability to continue as a going concern. If for any reason the Group is unable to continue as a going concern, it would impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in these financial statements.

Notwithstanding the 'going concern' paragraph included in the Company's financial reports, the Directors believe that the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to the "Additional requirements for capital" risk set out below for further details.

(b) **Additional Requirements for capital**

In May 2022, Leaf Resources acquired key replacement equipment with a capacity to produce up to 16,000tpa of Leaf's natural and renewable pine chemical products. The plant based in New Zealand, was being dismantled, chemically cleaned, water blasted and repainted ready for shipment to Australia.

In October 2022 the Company announced the New Zealand plant had been substantially dismantled, packed into containers and ready for shipping, however, due to adverse weather shipment was delayed until December.

During September and October 2022, Ray Mountfort, Managing Director, spent considerable time in New Zealand reviewing and assessing the dismantling process while also reviewing potential sites for a second plant that had been planned for late financial year 2024.

As a result of the work carried out during this period, he recommended to the board that the Company could instead consider building the first plant at Rotorua in New Zealand and to establish Apple Tree Creek as the second site given the delays that had occurred.

While in a different location, effectively Leaf Resources would execute the same business plan, with the same plant in a well-suited and strategic location. This plan would have the added benefit of alleviating any potential supply bottlenecks as a New Zealand site would be surrounded by over 6,000 potential suppliers.

In November 2022 Ken Richards, Leaf Resources' Chairman confirmed that the Board of Leaf Resources and its shareholders had approved the decision to build the first plant in New Zealand citing substantial advantages in relocating to Rotorua. Leaf has executed the memorandum of understanding to lease a site in Rotorua and is currently working with the landowners on an Agreement to Lease.

As announced on 10 March 2023 and 3 April 2023, the Company has secured funding through the Placement with FGA and Dr Fabiani. The funds raised under the Placement will be used to progress development of the initial pine chemicals plant in Rotorua, New Zealand. The funds raised under the Placement are considered sufficient to meet the immediate objectives of the Company.

Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities. Additional funding may also be required to meet any unanticipated liabilities or expenses which the Company may incur.

Following completion of the Placement, the Company may seek to raise further funds. Failure to obtain sufficient funding for the Company's activities may result in delay and indefinite postponement of their activities and the proposed commercialisation, marketing and international expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **Insurance Claim**

As at 31 December 2022, following the incident at the Apple Tree Creek plant, the Company has received to-date insurance progress payments of \$1,400,000. In December 2022, the insurer offered final settlement with a proposed additional \$400,000 and the Company has recognised a receivable of \$400,000 in the current period for additional proceeds that are virtually certain based on current settlement offers.

The Company is currently working with third-party claims preparation experts to assess and contest the insurer's assessment of its claim for repairs and replacement of damaged machinery and equipment. The Company believes that insurance proceeds above the \$400,000 recognised as a receivable at period end, are probable. There remains a risk that the expected payments may not be received by the Company.

(d) **Workplace Health and Safety**

The Company is currently working with WorkSafe Queensland health and safety officers to compile all the information needed for them to complete their investigation into the incident at Apple Tree Creek. The Company understands that WorkSafe Queensland may raise a penalty as is standard in similar scenarios. However, confirmation on the timing and extent of the penalty have not yet been provided. The Group has insurance coverage of \$250,000 to address a potential penalty from WorkSafe Queensland.

There is a risk of worker fatality or injury while working at the Company's plant. In November 2021, the extraction equipment and control room at the Company's Apple Tree Creek production facility was damaged beyond repair after a lightning strike set off a chain of events that resulted in an explosion at the production facility. Since the incident, staff wellbeing has been a focus of the Board of Directors of the Company and remains a top priority.

Should and if there is an occurrence of an accident resulting in injury or death to a worker, it could materially affect the Company's reputation and expose the Company to claims and regulatory enquiries. Further, the Company may have difficulty retaining or employing employees if there are perceived safety concerns working at the Company's facilities.

(e) **Patent Risk**

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the outcomes of research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company is not aware of any third party interests in relation to the intellectual property rights of their respective intellectual property, and each party has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its respective intellectual property, there can be no assurance that these measures have been or will be sufficient.

(f) **Know-how Risk**

There may be information leakage or parties may infringe on the intellectual property of the Company and duplicate its know-how. Non-compete clauses are contained in the employment contracts of all existing management of the Company.

The Company also notes that the Company's know-how is a combination of over 30 years of experience, including information that is not documented.

(g) **Concentration Risk**

Having a single major customer can create significant commercial risks. Only having a single major customer means that the Company may be significantly impacted by events impacting that customer.

However, there is demand from other parties for product offtake. The Company has developed a pipeline of active and engaged buyer leads and the Company is presently in negotiations with numerous potential offtake partners. These prospective customers range from chemical distributors to large commodity trading houses all seeking large volumes of pine chemicals when available and have indicated their interest in entering into purchase contracts with the Company when the Company begins pine chemical production. The Company will further seek to mitigate buyer risk by securing offtake from other parties.

(h) **Counterparty Risk**

The Company has entered into various agreements with third parties. Any cessation of or delay in the performance of the counterparty's obligations or the counterparty's failure to comply with its contractual obligations could also have a significant adverse impact on the Company's operations and ultimately the financial performance of the Company and the value of the Company's securities.

As at the date of this Prospectus, the Company has no reason to believe that any of the counterparties it has contracted with will not meet and satisfy their obligations under relevant contracts.

In the event that any of the Company's counterparties become insolvent, it may be difficult for the Company to enforce its rights under the relevant agreements. As such, if any of the Company's counterparties cease to be financially viable, this may negatively impact the ongoing financial performance of the Company.

(i) **Demand Risk**

Although the Company has long-standing relationships with a number of its key customers, most sales are achieved on a spot or short-term contractual basis. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will generate sales equal to or greater than those achieved historically.

There is a risk that the Company may lose customers or suffer from a decline in demand from customers for a variety of reasons, including the following:

- (i) long-term demand factors that are out of the Company's control that affect the market for the Company's products generally;
- (ii) medium-term demand factors affecting the market generally, individual importing countries or customers; and

- (iii) short-term demand factors affecting individual importing countries and customers, such as temporary plant shutdowns, force majeure events and stock surplus.

As to product quality, conformity to contractual specifications is critical. Each export contract contains similar requirements which the product must meet. If contractual specifications are not met, or if the product quality or service delivered by the Company is not at a level expected by a customer, there is a risk that ongoing custom from that customer may reduce or cease entirely.

The loss of key customers, or a diminution in their custom, may materially and adversely impact the Company's revenue and profitability.

(j) **Supply Risk**

There is a risk that the Company may not be able to secure the pine log supply necessary to meet customer demand. This risk is most strongly influenced by:

- (i) whether plantation operators continue to grow plantation trees after the harvest of a rotation, having regard to prevailing land prices and best economic use of the plantation land;
- (ii) competition from other plantation investors for the acquisition of plantations;
- (iii) competition from current and potential future rivals for the acquisition of plantation land or its offtake; and
- (iv) competition from acquirers of plantation trees for alternative purposes, such as the production of biofuels.

Climate change and the corresponding increase in the likelihood of events such as floods, droughts, fires, heatwaves, storms and cyclones, which could impact the supply of pine log to the Company.

Lack of supply, or lack of supply at an acceptable price may materially and adversely impact the Company's revenue and profitability.

(k) **Costs**

Like any similar business operating within the industry, the Company's profitability could be materially and adversely affected by increases in costs which are in many respects beyond its reasonable control. These include, without limitation, the costs of electricity, fuel, labour and harvesting and haulage costs.

(l) **Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

Further, there is a risk that the Company's business will be rendered less competitive by the emergence of new technology or competitors.

(m) **Take or Pay Contract Risk**

The Company has entered into an agreement with HQ Plantations under which HQ Plantations has agreed to supply and the Company has agreed to buy pine logs. This agreement has a provision that the Company must make payments to HQ Plantations in pre-determined percentages of the full supply volume, in the event that the company does not require the full 15,000 tonnes per annum of pine logs from HQ Plantations.

If productivity at Apple Tree Creek Project is lower than expected (for example, because the plant cannot process the logs delivered by HQ Plantations), the Company will nevertheless be required to pay for the logs at the contracted rates, and to that extent may be paying for logs it does not require or is not able to achieve sales to cover this cost, which may have an adverse risk on the Company's business, its financial performance and its cash flows.

However, as at 31 December 2022, the Company has the following contingent liabilities under the terms of the agreement:

- (i) The Company has provided a \$100,000 bank guarantee in favour of HQ Plantations as a cover for the payment of invoices under the agreement; and
- (ii) As a result of the Apple Tree Creek incident, the agreement is now operating under a force majeure.

6.3 Industry specific

(a) **Regulatory or political risks**

The Company is subject to a range of legal, regulatory and industry compliance requirements including those relating to the environment, occupational health and safety, and transport chain of responsibility. There is a risk that changes to such laws, regulations and industry compliance standards would impose substantial increased costs of conducting business and, potentially, render uneconomic certain commercial activities undertaken today by the Company in the ordinary course of conducting its business.

There is also a risk that if the Company fails to comply with these laws, regulations and industry compliance standards, it may result in increased compliance costs, fines, statutory orders, litigation and, potentially, significant reputational damage. All of these may have a materially adverse impact on the Company's revenue and profitability.

(b) **Currency Risk**

Some transactions occur in a foreign currency, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, potentially exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international

markets. For example, an appreciating Australian dollar may make the Company less competitive globally.

(c) **Commodity Price Risk**

The Company is intending to derive revenue through the sale of rosin and terpene chemicals, which exposes the potential income of the Company to commodity price and exchange rate risks. The prices for rosin and terpene chemicals fluctuate and are affected by many factors beyond the control of the Company.

The Company intends to sell 100% of its production at market spot rates. The market is defined as a worldwide commodity and both rosin and terpene chemicals are sold by open and closed bidding processes directly to consuming chemical companies and selling agents. The Company will sell to both types of buyers.

(d) **Force Majeure**

The Apple Tree Creek Plant now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

6.4 General risks

(a) **Coronavirus (COVID-19)**

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(b) **Ukraine Conflict**

The current evolving conflict between Ukraine and Russia (**Ukraine Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may

adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine Conflict on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its operations as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.

(e) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and production activities, as well as on its ability to fund those activities.

(f) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and

- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(h) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(i) **Litigation Risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.

(j) **Climate Change Risks**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential

impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks, such as shifting climate patterns and sustained higher temperatures that may cause sea level rises or chronic heat waves. These physical risks may have financial implications for the Company, such as impacts from supply chain disruption and industry demand. All these risks associated with climate change may adversely affect the Company's business, including financial condition and results of operations, and significantly change the industry in which the Company operates.

(k) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
03/04/2023	Update - Proposed issue of securities - LER
03/04/2023	Company Update
03/04/2023	Cancel - Proposed issue of securities - LER
21/03/2023	Notification of cessation of securities - LER
21/03/2023	Notification of cessation of securities - LER
10/03/2023	Cancel - Proposed issue of securities - LER
10/03/2023	Proposed issue of securities - LER
10/03/2023	Update on Capital Raising and Board Changes
28/02/2023	Appendix 4D and Half Year Report
28/02/2023	Change of Registered Office
02/02/2023	Update on Letter of Intent
31/01/2023	Quarterly Activities and Appendix 4C Cash Flow Report
24/01/2023	Update on Letter of Intent
20/01/2023	Trading Halt
20/01/2023	Pause in Trading
10/01/2023	Proposed issue of securities - LER
10/01/2023	Proposed issue of securities – LER
10/01/2023	Offtake LOI with Formosa and Strategic Investment
23/12/2022	Application for quotation of securities – LER
15/12/2022	Notice of Release from Escrow
08/12/2022	Receipt of Research and Development Tax Return
30/11/2022	Final Director's Interest Notice
29/11/2022	Results of AGM

Date	Description of Announcement
31/10/2022	Investor Webinar Presentation
31/10/2022	Quarterly Activities/Appendix 4C Cash Flow Report
27/10/2022	Notice of Annual General Meeting/Proxy Form
11/10/2022	Notification regarding unquoted securities – LER
11/10/2022	Notification regarding unquoted securities – LER
07/10/2022	2022 Annual General Meeting
15/09/2022	Notification regarding unquoted securities – LER
15/09/2022	Constitution
09/09/2022	Application for quotation of securities – LER
08/08/2022	Cleansing Prospectus
07/09/2022	Results of Meeting
31/08/2022	Clarifying Announcement – Business Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.leafresources.com.au>.

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.027	17 January 2023
Lowest	\$0.011	2 December 2022
Last	\$0.016	3 April 2023

7.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Ramon Dudley Mountfort & Shirley Joy Mountfort ¹	590,700,000	32.63%

Notes:

1. Ramon Mountfort and Shirley Mountfort ATF Mounties Family Trust is an entity controlled by Mr Ramon Mountfort, a Director of the Company.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or proposed director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Douglas Rathbone	18,582,942 ¹	Nil
Raymond Mountfort	590,700,000 ²	Nil
Kenneth Richards	80,927,942 ³	26,025,000 ⁴

Notes:

1. Comprising of:
 - (a) 17,904,616 Shares held indirectly by Invia Custodian Pty Ltd ATF Grapefull Superannuation Fund;
 - (b) 546,429 Shares held indirectly by Invia Custodian Pty Ltd ATF Fruitful Super Fund; and
 - (c) 131,897 Shares held indirectly by RWG Pty Ltd.
2. 590,700,000 Shares held indirectly by Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust.
3. Comprising of:
 - (a) 15,051,478 Shares held indirectly by Growth Capital (WA) Pty Ltd ATF The Richards Family Trust;
 - (b) 61,230,114 Shares held indirectly by Keliri Pty Ltd ATF the Ken Richards Family Superannuation Fund; and
 - (c) 4,646,350 held directly by Mr Kenneth Richards.
4. Comprising of:
 - (a) 24,750,000 unlisted Options with an exercise price of \$0.023 held indirectly by Growth Capital (WA) Pty Ltd ATF The Richards Family Trust;
 - (b) 1,275,000 unlisted Options with an exercise price of \$0.1765 held indirectly by Growth Capital (WA) Pty Ltd ATF The Richards Family Trust.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed Financial year ending 30 June 2023	Financial year ending 30 June 2022
Douglas Rathbone ¹	\$87,790	\$66,000
Kenneth Richards ¹	\$99,450	\$132,700
Ramon Mountfort	\$335,486	\$331,286
Pai-Heng (Henry) Cheng ²	\$45,000	-
Maurizio (Maurice) Fabiani ²	\$45,000	-

Notes:

1. As announced on 10 March 2023, Directors, Douglas Rathbone and Kenneth Richards, will resign from the Board on or about 5 April 2023 at the completion of the Placement.
2. As announced on 10 March 2023, Proposed Directors, Henry Cheng and Maurice Fabiani, will be appointed to the Board on or about 5 April 2023 at the completion of the Placement.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$119,119 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of Offer

The estimated expenses of the Offer are estimated to be approximately \$10,000 (excluding GST) and are expected to comprise legal fees and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 7 3188 9040 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Ramon Mountfort
Managing Director
For and on behalf of
Leaf Resources Limited

9. DEFINITIONS

\$ means Australian dollars.

AEST means Australian eastern standard time as observed in Brisbane, Queensland.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

Company means Leaf Resources Limited (ACN 074 969 056).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

FGA means Formosa Group Australia Pty Ltd (ACN 608 644 079).

General Meeting means the general meeting of Shareholders of the Company anticipated to be held on or around 17 May 2023.

Offer means the offer of up to 1,000 Shares at an issue price of \$0.012 per Share to raise up to \$12.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Placement has the meaning set out in Section 3.2.

Placement Shares means Shares issued or to be issued to the participants in the Placement (or their nominees).

Proposed Directors means Mr Pai-Heng (Henry) Cheng and Dr Maurizio (Maurice) Fabiani to be appointed as Directors to the Board at the completion of the Placement as announced on 10 March 2023.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Registry means Link Market Services Limited (ACN 083 214 537).