

## QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDING 30 June 2023

### Highlights:

- ✓ Leaf completed private placement of securities to Formosa Group Australia Pty Ltd.
- ✓ Leaf appointed two new Executive Directors and appointed a new Chairman.
- ✓ Leaf signed Term Sheet for the supply of 100,000 tonnes per annum of stumps.
- ✓ Leaf appoints new Company Secretary.

Leaf Resources Limited (ASX: LER, “**Leaf**” or the “**Company**”), an Australian natural and renewable pine chemical and wood pellet company, is pleased to provide a summary of its activities for the quarter ended 30 June 2023 and attach its Appendix 4C.

### PLACEMENT SETTLEMENT

On 3 April 2023, Leaf completed a placement of securities to Formosa Group Australia Pty Ltd in the amount of \$3.024 million via the issue of 252 million ordinary shares at \$0.012, with attaching options at an exercise price of \$0.045 and an expiry date of 31 December 2025 (“**Placement**”).

The options were subsequently approved by shareholders on 13 June 2023.

### CHANGES TO BOARD

On 6 April 2023, Leaf welcomed the appointment of two new Directors to the Board. Mr Pai-Heng (Henry) Cheng and Dr Maurizio (Maurice) Fabiani were appointed as Executive Directors and are working closely with Managing Director, Mr Ray Mountfort, to advance the development of Leaf’s New Zealand project.

Simultaneously, Mr Ken Richards and Mr Doug Rathbone stepped down from the Board.

Mr Henry Cheng was subsequently appointed as Chairman of the Company. Commenting on his appointment, Mr Cheng said “I am both delighted and honoured to assume the role as Chairman of Leaf Resources Limited. I Look forward to working with the Board and Management of Leaf to shape the strategic direction and fulfil the business aspirations of the company”.

### ROTORUA PLANT CONSTRUCTION

The Company has continued its negotiations for the lease of the site located at Rotorua, New Zealand. Inline with New Zealand legislation, the Company is also in the process of obtaining approval from the *Overseas Investments Office* to enter into the lease and build substantial infrastructure and operations.

The Company is working on securing precommitments for both supply and offtake agreements. Leaf welcomed **Ground Base Solutions Ltd** (“**GBS**”) as a strategic business partner and has signed a **Term Sheet** for the supply of approximately 100,000 tonnes per annum of stumps. The Term Sheet is conditional on the Company construction and commissioning of the manufacturing facility (**Condition Precedent**) and will have a term of five (5) years from the date of satisfaction or waiver of the Condition Precedent.

#### **CHANGE OF COMPANY SECRETARY**

Mr Drew Speedy resigned from his role as Company Secretary, effective 30 June 2023.

Mr Mark Licciardo was appointed Company Secretary, effective from 1 July 2023. Mr Licciardo is Managing Director of Listed Company Services at Acclime Corporate Services Australia Pty Ltd which provides company secretarial and corporate governance services to ASX listed, unlisted public, and private companies.

#### **CORPORATE**

Cash at the end of the June Quarter: \$1.440 million

During the period, the Company incurred expenditure of \$408,000 in relation to administrative and corporate costs, \$661,000 in relation to staff costs, \$45,000 of operating costs and \$150,000 of property, plant and equipment costs. Fees, salaries and superannuation contributions paid to Directors during the quarter amount to \$259,000 as disclosed at item 6.1 of the Appendix 4C.

For more information please contact:

**Leaf Resources Limited**

[investors@leafresources.com.au](mailto:investors@leafresources.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. 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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

LEAF RESOURCES LIMITED

**ABN**

18 074 969 056

**Quarter ended ("current quarter")**

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	17	70
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(71)	(592)
	(c) advertising and marketing	(49)	(144)
	(d) leased assets	-	-
	(e) staff costs	(661)	(2,659)
	(f) administration and corporate costs	(408)	(1,785)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	5
1.5	Interest and other costs of finance paid	(45)	(264)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,905
1.8	Other (provide details if material)	-	3
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,216)</b>	<b>(3,461)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(406)	(2,525)
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	25	148
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Proceeds received on acquisition of Essential Queensland Pty Ltd	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(381)</b>	<b>(2,377)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,024	8,124
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(181)	(542)
3.5	Proceeds from borrowings	29	198
3.6	Repayment of borrowings	(198)	(889)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal portion of finance leases)	(53)	(297)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>2,621</b>	<b>6,594</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	400	745
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,216)	(3,461)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(381)	(2,377)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,621	6,594
4.5	Effect of movement in exchange rates on cash held	16	(61)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,440</b>	<b>1,440</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,440	400
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,440</b>	<b>400</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	259
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Includes Directors Fees, salaries and superannuation contributions.

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	730	730
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>730</b>	<b>730</b>
<b>7.5 Unused financing facilities available at quarter end</b>		0
<b>7.6</b> Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>7.1 – On 29 April 2021 the Company entered into a secured finance facility with Altor Capital. The total facility amount was \$2,000,000 on establishment with an interest rate of 11% per annum and term of 3 years with monthly principal and interest repayments. To 30 June 2023 the Company has repaid \$1,314,157 of principal.</p> <p>In addition to the Altor facility, the Company has short-term borrowing facilities on insurance premiums.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,216)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,440
8.3 Unused finance facilities available at quarter end (item 7.5)	-
<b>8.4 Total available funding (item 8.2 + item 8.3)</b>	<b>1,440</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>1.18</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
<b>8.6</b> If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, the Company is in negotiations to exit its site lease, is actively selling plant and equipment, and is in negotiations with interested parties to secure funding.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company will have sufficient funds to continue operations in the short term as a result of selling plant and equipment and exiting its site lease. The injection of project funding will enable the Company to continue operations over the long term.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.