

Quarterly Activities Report and Appendix 4C For Quarter Ending 30 September 2023

Highlights

- Company name change from Leaf Resources Limited (ASX: LER) to Foresta Group Holdings Limited (ASX:FGH).
- Patent filed that integrates the company's patented organic solvent extraction process with its wood pellet and torrefied wood pellet production process.
- Signed Term Sheet with Tailored Energy Resources Limited in relation to proposed offtake agreement for the supply of up to 400,000 tonnes per annum of torrefied wood pellets.
- Signed Letter of Intent (LOI) with Lawter (NZ) Limited in relation to an offtake agreement for the supply of up to 8,000 tonnes of rosin per annum and 500 tonnes of turpentine per annum.
- Launch of company office in Papamoa, New Zealand, attended by forestry suppliers, offtake partners, local politicians and members of parliament, and local media as well as our board of directors and senior management.

Rotorua Project Overview

This quarter, Managing Director, Ray Mountfort, wrote a letter to shareholders about the plans for New Zealand.

This first project at Rotorua will deliver approximately half of the initial required quantity of torrefied wood pellets for the proposed offtake arrangement with Tailored Energy Resources Limited with the remainder being supplied through a planned second project. This initial project will generate approximately 210,000 tonnes of torrefied wood pellets and 50,000 tonnes of pine chemicals generating an estimated NZ\$290 million in total revenue per annum with an estimated return on investment (ROI) of around 22% per annum.

The vision and business plan for New Zealand involves rolling out multiple plants post the flagship project in Rotorua which is driven by the contractual demand from pellet consumers. Foresta believes that this model is replicable across other countries with pine resources and will establish our business model as an intellectual property and project provider.

Company Name Change

Following Shareholder approval at an Extraordinary General Meeting held on 7 August 2023, the Company changed its name from Leaf Resources Limited to Foresta Group Holdings Limited. The company name change was approved by ASIC and the ASX, and the Company adopted the new ASX Ticker: FGH.

New Patent Filed

In July 2023, Foresta filed a new technology patent with IP Australia (Australian Provisional Patent Application 2023902101). This patent application protects the invention that integrates the company's patented organic solvent extraction process together with its wood pellet and torrefied wood pellet production process.

This invention delivers significant process synergies that will enable lower production costs, making this the world's first integrated manufacturing process. This exciting development underpins the technologies that the company has developed for its initial integrated processing plant in Rotorua, New Zealand, that will enable the manufacture of torrefied wood pellets alongside natural rosins and terpene chemicals.



Proposed Offtake Agreements

The market demand for torrefied wood pellets is substantial given the race to net-zero carbon emissions. Foresta (NZ) has signed a Term Sheet with Tailored Energy Resources Limited in relation to an offtake agreement for the supply of up to 400,000 tonnes per annum of torrefied wood pellets. The initial term is for a period of eight (8) years and supply of approximately 2,400,000 tonnes of torrefied wood pellets in total, commencing at the commissioning of the proposed integrated manufacturing facility at Rotorua, New Zealand.

Similarly, from the pine chemical perspective, the demand continues to grow with the transition to a bio-based future. Foresta Group Holdings Limited signed a Letter of Intent (LOI) with Lawter (NZ) Limited in relation to an offtake agreement for the supply of up to 8,000 tonnes of rosin per annum and 500 tonnes of turpentine per annum. The initial term is for a period of five (5) years, with the option for renewal after 5 years, commencing at the commissioning of the proposed integrated manufacturing facility at Rotorua, New Zealand. Lawter is a global chemical manufacturing company producing quality products, from conductive ink to specialty coating, in an environmentally conscious way.

Office Opening Launch

In September 2023, Foresta celebrated the opening of its company office in Papamoa, New Zealand. The event was attended by forestry supply companies, offtake partners, local politicians and members of parliament, and local media as well as our board of directors, senior management, and company personnel. Oral presentations were given by our Managing Director, Ray Mountfort and Executive Chairman, Henry Cheng as well as local Member of Parliament Sam Uffindell MP for the seat of Tauranga from the National Party. The support at the launch event from businesses, politicians and the community was tremendous and demonstrated the importance of Foresta's mission to power New Zealand with sustainable biomass products, particularly given the NZ Government's commitment to phase out coal completely by 2037.

Operations

Rotorua

Negotiations for the Agreement to Lease (ATL) (Stage 1A (7.0ha) and Stage 1B (11.5ha)) are progressing well, with most of the commercial terms mutually agreed.

The Overseas Investment Office (OIO) application draft has been updated to include both Stage 1A & 1B, and will be submitted following the final Agreement to Lease (ATL) being received in October 2023.

Earthworks Consent (Stage 1A). The consent is still being processed and the final Council Request for Information (RFI) regarding the wetlands assessment is currently underway and due early October 2023 for submission to Council.

Main Contractors for civil works and buildings have been shortlisted and the preferred contractor will be confirmed late October 2023.

Key equipment suppliers have been shortlisted and final procurement is currently underway.

Key New Zealand Forest supply opportunities have been identified and are in the final stages of supply contractual negotiations.

Most of the extraction equipment for Stage 1a is already located onsite (intended lease site at Rotorua, New Zealand).



Apple Tree Creek

An executive decision was made to retain the lease land in Apple Tree Creek for research and development.

The plant and equipment damaged in the incident has been removed and scrapped at salvage value.

The plant and equipment required in Rotorua has been packed into containers ready to be shipped to New Zealand. Quotes and estimates have been obtained ready for export in the first quarter of 2024.

Sale of equipment's in Australia is underway and being sold according to third-party valuation.

Chief Operating Officer Grant Yeatman and Chief Development Officer Steve Pitman both attended the Ligna Conference in Germany. Key suppliers have been identified, contacts established and business relationships developed.

For more information please contact:

Foresta Group Holdings Limited

Ray Mountfort

Managing Director

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Authorisation Statement

This release has been authorised to be given to the ASX by the Board of Foresta Group Holdings Limited.

About Foresta Group Holdings

Foresta 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 tree's 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

FORESTA GROUP HOLDINGS LIMITED

ABN

18 074 969 056

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	41	41
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(33)	(33)
(c) advertising and marketing	(65)	(65)
(d) leased assets	-	-
(e) staff costs	(566)	(566)
(f) administration and corporate costs	(387)	(387)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(45)	(45)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,055)	(1,055)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(145)	(145)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	87	87
	(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	Net cash from / (used in) investing activities	(58)	(58)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	84	84
3.6	Repayment of borrowings	(208)	(208)
3.7	Transaction costs related to loans and borrowings	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
3.8	Dividends paid	-	-
3.9	Other (principal portion of finance leases)	(54)	(54)
3.10	Net cash from / (used in) financing activities	(178)	(178)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,440	1,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,055)	(1,055)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(58)	(58)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(178)	(178)
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	Cash and cash equivalents at end of period	145	145

5.	Reconciliation of cash and cash equivalents 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	145	1,440
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	145	1,440

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	271
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.

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	538	538
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	538	538
7.5	Unused financing facilities available at quarter end		0
7.6	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 September 2023 the Company has repaid \$1,493,361 of principal.</p> <p>In addition to the Altor facility, the Company has short-term borrowing facilities on insurance premiums.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,055)
8.2	Cash and cash equivalents at quarter end (item 4.6)	145
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	145
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.14
<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>		
8.6	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 secured funding through a share placement and raised \$2,332,508 which was received by the Company on 11 October 2023.	
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 have secured capital through the share placement to allow it to continue it's operations and look to secure project funding.	
<i>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.</i>		

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: 18 October 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.