



Leaf Energy Limited

ABN 18 074 969 056

NOTICE OF GENERAL MEETING

Thursday 28 August 2014

9:00 a.m. (Brisbane time)

Grant Thornton, Fred Hollows Training Room

King George Central, 145 Ann Street, Brisbane, Australia

Part 1: Notice of General Meeting

A general meeting of Members of Leaf Energy Limited will be held at the offices of Grant Thornton, Fred Hollows Training Room, King George Central, 145 Ann Street, Brisbane, Queensland on Thursday 28 August 2014 commencing at 9:00 a.m. (Brisbane time).

Special business

Item 1 – Change of Company Name

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Name of the Company be changed from Leaf Energy Limited to Leaf Resources Limited. The key reasons for this name change are set out in the Explanatory Statement."

Item 2 – Election of Matt Morgan as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, Matt Morgan, who was appointed by the Board as a Director of the Company on 21 July 2014, be elected as a Director in accordance with rule 28(3) of the Constitution."

Item 3 – Approval of Options issue to Matt Morgan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of 375,000 Options to Matt Morgan, on the terms and conditions set out in the Explanatory Statement."

Item 4 – Approval of Share issue to Matt Morgan as part payment of Directors' fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of 382,286 Shares in lieu of \$13,380 in cash to Matt Morgan, as payment in lieu of cash of a portion of his directors' fees to conserve the Company's cash resources, on the terms and conditions set out in the Explanatory Statement."

Item 5 – Approval of Share issue to Charles Wilson as part payment of Directors' fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of up to 458,571 Shares in lieu of \$16,050 in cash to Charles Wilson, as payment of a portion of his directors' fees to conserve the Company's cash resources, on the terms and conditions set out in the Explanatory Statement."

Item 6 – Approval of Share issue to Dr Jay Hetzel as part payment of Directors' fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of up to 864,857 Shares in lieu of \$30,270 in cash to Dr Jay Hetzel, as payment of a portion of his directors' fees to conserve the Company's cash resources, on the terms and conditions set out in the Explanatory Statement."

Item 7 – Approval of Share issue to Ken Richards as part payment of Salary

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of up to 1,428,571 Shares in lieu of \$50,000 in cash to Ken Richards, as payment of a portion of his salary to conserve the Company’s cash resources, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on:

items 2, 3 & 4 by:

- (i) Matt Morgan and any associate of Matt Morgan; and
- (ii) proxy by Matt Morgan and any associate, and any Closely Related Party of Matt Morgan; and

Item 5 by:

- (iii) Charles Wilson and any associate of Charles Wilson; and
- (iv) proxy by Charles Wilson and any associate, and any Closely Related Party of Charles Wilson.

Item 6 by:

- (v) Dr Jay Hetzel and any associate of Dr Jay Hetzel; and
- (vi) proxy by Dr Jay Hetzel and any associate, and any Closely Related Party of Dr Jay Hetzel; and

item 7 by:

- (vii) Ken Richards and any associate of Ken Richards; and
- (viii) proxy by Ken Richards and any associate, and any Closely Related Party of Ken Richards; and

However, the Company need not disregard a vote if it is cast:

by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or

by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Please refer to the important information about the appointment of proxies below.

Other information

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice and should be read in conjunction with it.

Proxies

Please note that:

- (a) a Member entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Member;
- (c) a Member may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Member's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Member's proxy; and
- (e) Members entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Member appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of the appointment of corporate representative should be completed and lodged in the manner specified below.

If proxy holders vote on a poll, they must cast all directed proxies as directed. Any directed proxies which are not voted on a poll will automatically default to the Chairman of the Meeting, who must vote the proxies as directed.

The Chairman of the meeting will vote all undirected proxies in favour of each resolution.

Proxy forms must be lodged by 9:00 a.m. (Brisbane time) on Tuesday 26 August 2014.

Important information concerning proxy votes on items 2, 3, 4, 5, 6 and 7

The Corporations Act now places certain restrictions on the ability of Key Management Personnel and their Closely Related Parties to vote on items 2, 3, 4, 5, 6 and 7, including where they are voting as proxy for another Member.

To ensure that your votes are counted, you are encouraged to direct your proxy as to how to vote on items 2, 3, 4, 5, 6 and 7 by indicating your preference on the proxy form.

If you appoint the Chairman of the Meeting as your proxy but you do not direct the Chairman how to vote in respect of items 2, 3, 4, 5, 6 and 7, the Chairman will not be able to vote as your proxy unless you mark the box indicated on the proxy form to authorise the Chairman to vote on those items. Marking this box will authorise the Chairman to vote as your proxy on items 2, 3, 4, 5, 6 and 7 even though they are connected with the remuneration of Key Management Personnel and you have not directed the Chairman how to vote.

The Chairman intends to vote all undirected proxies in favour of items 2, 3, 4, 5, 6 and 7.

Corporate representatives

Any:

corporate Member; or

corporate proxy appointed by a Member,

which has appointed an individual to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry, Security Transfer Registrars Pty Limited, in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An Appointment of Corporate Representative form is available by contacting the Company's share registry, Security Transfer Registrars Pty Limited, on +61 8 9315 2333 during business hours.

If you have any queries on how to cast your votes, please call the Company's share registry Security Transfer Registrars Pty Limited, on +61 8 9315 2333 during business hours.

Voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Members as at 7:00 pm (Brisbane time) on Tuesday 26 August 2014. Accordingly, transactions registered after that time will be disregarded in determining Members' entitlements to attend and vote at the Meeting.

By order of the Board of Directors



Charles Furness

Company Secretary

1 Introduction

This Explanatory Statement has been prepared for the information of Members in connection with the resolutions to be considered by them at the general meeting to be held at the offices of Grant Thornton, Fred Hollows Training Room, King George Central, 145 Ann Street, Brisbane, Queensland on Thursday 28 August 2014 commencing at 9:00 a.m. (Brisbane time).

The purpose of this Explanatory Statement is to provide Members with the information known to the Company that the Board considers material to their decision on whether to approve the resolutions in the accompanying Notice. This document is important and should be read in conjunction with all of the information contained in this booklet, including the Notice.

Capitalised terms in this Explanatory Statement are defined in the Glossary in Section 3.

2 Special business

Item 1 – Approval of Change of Company Name

Background

The Company's principal focus is to "Produce sustainable products from plant biomass", using its patented proprietary technology. While directors believe it is appropriate to retain the word "Leaf" in its name, they believe the word "Energy" should be removed, as it has connotations of supplying energy products such as biofuels and/or other sources of energy.

Resources are anything that can be useful and derive benefit by their production. They can be "hard" resources such as minerals, or in our case can be a natural resources, more specifically plant biomass. Plant biomass is derived from wood and non-wood plants such as annual crops which are all sustainable and renewable.

Plant biomass can be converted into many products that are essential to everyday life.

As the world moves forward on reducing carbon emissions and the move to replacing products that come from the black (oil) barrel with those from the green (plant biomass) barrel, the ability to break down these biomass resources into its constituent parts: cellulose, hemicellulose and lignin becomes very important. Our Glycell™ process is the crucial first step in breaking down the biomass into its useful components.

"Leaf Resources Limited" therefore has a broader and more accurate meaning as the Company is converting one resource, plant biomass, to a very broad range of sustainable products, including cellulose and a range of sugars.

Directors' recommendation

The Directors believe that the new Company Name accurately reflects the Company's current and future direction and unanimously recommend that Members vote in favour of item 1.

Item 2 – Election of Matt Morgan as a director

Rule 28(3) of the Constitution provides that if a Director is appointed by the Board, that Director will hold office only until the next General Meeting of Shareholders, at which time the appointed Director may stand for re-election.

In accordance with Rule 28(3) of the Constitution, Matt Morgan, a non-executive Director appointed by the Board on 21 July 2014, has offered himself for election.

Directors' recommendation

The Directors, with Mr Morgan abstaining, recommend that Members vote in favour of item 2.

Item 3 – Approval of Options issue to Matt Morgan

Members are asked to approve the issue of 375,000 Options. The terms of the Options are detailed below. The quantum, term and exercise price of these options are the same as those of the issue of options to non-executive director Charles Wilson approved by shareholders at last year's Annual General Meeting.

The Directors believe that the quantum of Options to be issued to Matt Morgan, subject to approval by the Members, is reasonable compared to several of its peers in the Australian technology sector and is consistent with Options issued to other personnel.

Leaf Energy is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Board in seeking to achieve growth of the share price and in the creation of shareholder value. In addition, the Board also believes that incentivisation with Options is a prudent means of conserving the Company's available cash as is customary in the technology sector.

Directors' recommendation

The Directors, with Mr Morgan abstaining, recommend that Members vote in favour of item 3.

Regulatory requirements

Securities, including Options cannot be issued to a Director without first obtaining shareholder approval.

The following information is provided in compliance with the Listing Rules.

Relevant relationship	Matt Morgan is a Non-Executive Director
Party to be issued options	Matt Morgan or a related party.
Maximum number of options to be issued to Mr Morgan	375,000
Issue date	Yet to be determined by the Board, but no later than one month after approval has been given at the meeting.
Price	The options will be issued for nil consideration and their price will not, therefore, be based on market price. The options will have an exercise price of \$0.10, which will be payable on exercise of each option for one share in the Company.
Expiry date	4 years after the issue date.
Vesting terms	The options will vest and become fully exercisable from the issue date.
Loan terms	There are no applicable loans.

Items 4, 5, 6 and 7 – Approval of Share issues as part payment of Salary or Directors' fees

Background

The directors have agreed to accept a portion of their current remuneration in the form of shares, in order to conserve the Company's working capital.

Matt Morgan will be entitled to \$29,434 plus superannuation in directors' fees for the eleven months to 30 June 2015 and will accept payment for the first five months in shares.

Charles Wilson is entitled to directors fees totalling \$32,110 plus superannuation for the year ended 30 June 2015 and will accept payment for the first six months in shares.

Chairman Dr Jay Hetzel is entitled to directors fees totalling \$60,540 plus superannuation for the year ended 30 June 2015 and will accept payment for the first six months in shares.

Ken Richards will accept payment of \$50,000 of his salary in the form of shares.

The amounts to be paid to each director in shares are summarised as follows:

Matt Morgan	\$13,380
Charles Wilson	\$16,050
Dr Jay Hetzel	\$30,270
Ken Richards	\$50,000

ASX Listing Rule 10.13 requires certain information to be given to Members. This information is supplied in the table below.

Name of the person	Matt Morgan	Charles Wilson	Dr Jay Hetzel	Ken Richards
Maximum number of Shares	382,286	458,571	864,857	1,428,571
Date by which the Shares will be issued	Within 5 days of the resolutions being passed			
Issue price	\$0.035 per share			
Use of funds	N/A – to be issued in satisfaction of Directors' fees payable to Mr Morgan, Mr Wilson and Dr Hetzel and salary to Mr Richards			

Approval under ASX Listing Rule 10.11

ASX Listing Rule 10.11 prohibits the Company from issuing equity securities to a related party of the Company, such as a Director, without the Company obtaining Member approval, unless an exception applies. None of the exceptions to ASX Listing Rule 10.11 apply in respect of items 4, 5, 6 and 7.

Directors' recommendations

The Directors, with Mr Morgan abstaining, recommend that Members vote in favour of item 4.

The Directors, with Mr Wilson abstaining, recommend that Members vote in favour of item 5.

The Directors, with Dr Hetzel abstaining, recommend that Members vote in favour of item 6.

The Directors, with Mr Richards abstaining, recommend that Members vote in favour of item 7.

Glossary

In this Explanatory Statement, and in the Notice, the following terms have the following meaning unless the context otherwise requires:

ASX means ASX Limited or the securities exchange operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Board means the board of Directors.

Closely Related Party of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company that the member controls; or
- (f) a person described by the Corporations Regulations 2001 (Cth).

Company means Leaf Energy Limited.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries, directly or indirectly, including any Director (whether executive or not).

Meeting means the general meeting of the Members convened pursuant to the Notice for the purposes of considering the resolutions set out in the Notice.

Member means a holder of Shares.

Notice means the notice in Part 1 pursuant to which the General Meeting is convened.

Options means an option to acquire fully paid ordinary shares in the Company at the specified Exercise Price.

Placement means the issue of Shares the subject of item 1 of this Notice.

Shares means fully paid ordinary shares in the Company.

