

LEAF RESOURCES LIMITED

ACN 074 969 056

PROSPECTUS

For the offer of up to:

- (a) 1,000 Shares in the capital of the Company at an issue price of \$0.03 per Share to raise up to \$30 (before expenses) (**Cleansing Offer**);
- (b) up to 85,000,050 Options, exercisable at \$0.045 each on or before 31 August 2023 (**Placement Options**) to participants under the Placement (**Placement Options Offer**); and
- (c) up to 27,962,973 Options, exercisable at \$0.045 each on or before 31 August 2023 (**Convertible Note Options**) to the Convertible Note Holders (**Convertible Note Options Offer**),

together, the **Offers**.

IMPORTANT NOTICE

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

The Securities offered under this Prospectus should be considered speculative.

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.

The Placement Options Offer and Convertible Note Options Offer are being made such that relief provided under ASIC Corporations (Sale Offers that Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

CORPORATE DIRECTORY

Directors

Kenneth (Ken) Richards
Non-Executive Chairman

Douglas (Doug) Rathbone
Non-Executive Director

Ramon (Ray) Mountfort

Managing Director

Terence (Terry) Gray

Non-Executive Director

Company Secretary

Drew Speedy

Share Registry*

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ASX Code

LER

Lawyers

Steinepreis Paganin
Lawyers and Consultants
Level 6, 99 William Street
Melbourne VIC 3000

Auditors*

Grant Thornton Audit Pty Ltd
King George Central
Level 18, 145 Ann 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.

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1. TIMETABLE AND IMPORTANT NOTES

1.1 Timetable

Action	Date
Date of General Meeting	7 September 2022
Lodgement of Prospectus with the ASIC and ASX	8 September 2022
Opening Date of the Offers	8 September 2022
Issue of Placement Shares, Placement Options and Convertible Note Options	14 September 2022
Closing Date of Offers*	5:00pm AEST on 14 September 2022
Expected date of Official Quotation of the Shares	14 September 2022

* 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.

1.2 Important Notes

This Prospectus is dated 8 September 2022 and was lodged with the ASIC on that date. The ASIC, the ASX and their 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 Offers are only available to those who are personally invited to accept the Offers. 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.

1.3 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.

1.4 Website

No document or information included on our website is incorporated by reference into this Prospectus.

1.5 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 5 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.

1.6 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.

1.7 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offers 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 Offers. You should rely only on information in this Prospectus.

2. DETAILS OF THE OFFERS

2.1 Offers

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to:

- (a) 1,000 Shares at an issue price of \$0.03 per Share to raise up to \$30 (before expenses) under the Cleansing Offer;
- (b) up to 85,000,050 Placement Options, exercisable at \$0.045 per Placement Option on or before 31 August 2023 under the Placement Options Offer; and
- (c) up to 27,962,973 Convertible Note Options, exercisable at \$0.045 per Convertible Note Option on or before 31 August 2023 under the Convertible Note Options Offer,

(together, the **Offers**).

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

2.2 Background to the Placement Shares and Placement Options Offer

On 13 July 2022, the Company announced that it was undertaking a placement to professional and sophisticated investors to raise up to \$5,100,000 via the issue of approximately 170,000,000 Shares (**Placement Shares**) at an issue price of \$0.03 per Share (**Placement**).

The Company also announced that, subject to obtaining Shareholder approval, participants in the Placement would be issued one (1) free-attaching Option for every two (2) Shares subscribed for and issued to them pursuant to the Placement (**Placement Options**). The Placement Options are exercisable at \$0.045 on or before 31 August 2023.

On 19 July 2022, the Company announced that it will issue 156,666,667 Placement Shares under the Placement in July 2022. The Company will also issue a further 13,333,333 Placement Shares in August 2022, pursuant to the Company's available placement capacity under ASX Listing Rule 7.1 and subject to receipt of the subscription amount (being \$400,000) for those Placement Shares.

On 20 July 2022, the Company issued 156,666,667 Placement Shares under the Placement, pursuant to the Company's available placement capacity under ASX Listing Rules 7.1.

On 7 September 2022, the Company received \$400,000, being the remaining subscription amount for the 13,333,333 Placement Shares to be issued.

The total funds raised under the Placement will be used to complete settlement on the 16,000 tpa replacement chemical extraction equipment, for debt repayment general working capital and cover the costs of the Offers.

The Company has obtained Shareholder approval for the issuance of the Placement Options at the Company's general meeting held on 7 September 2022 (**General Meeting**).

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

Only participants in the Placement will be eligible to apply for the Placement Options under the Placement Options Offer. Accordingly, the Placement Options Offer will only be extended to specific parties on invitation from the Directors and the Placement Options Offer Application Form will be provided by the Company to these parties only.

The Placement Options will be issued on the terms and conditions set out in Section 4.2.

The purpose of the Placement Options is set out in Section 3.1.1.

2.3 Convertible Note Options Offer

On or about 4 May 2022, the Company entered into convertible note deeds with approximately 23 convertible note holders (**Convertible Note Holders**), pursuant to which the Company agreed to create and issue a total of 1,510,000 convertible notes (**Convertible Notes**) with a face value equal to \$1.00 per convertible note for a total subscription sum of \$1,510,000 (**Convertible Note Deed**).

Under the Convertible Note Deed, the Convertible Notes automatically converted into Shares at \$0.027 on the date the Company completed the capital raising under the Placement (**Convertible Note Shares**).

On 20 July 2022, the Company issued 55,925,935 Shares upon conversion of the Convertible Notes, pursuant to the Company's existing placement capacity under Listing Rule 7.1.

On or about 1 July 2022, the Company entered into a deed of variation in relation to the Convertible Note Deed with the Convertible Note Holders, pursuant to which the Company agreed to issue to the Convertible Note Holders (or their nominees) one (1) free-attaching option to acquire Shares (**Convertible Note Options**) for every two (2) Shares held as a result of the conversion, subject to the Company obtaining Shareholder approval.

The Company has obtained Shareholder approval for the issuance of the Convertible Note Options at the General Meeting held on 7 September 2022.

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

Only the Convertible Note Holders will be eligible to apply for the Convertible Note Options under the Convertible Note Options Offer. Accordingly, the Convertible Note Options Offer will only be extended to specific parties on invitation from the Directors and the Convertible Note Options Offer Application Form will be provided by the Company to these parties only.

The Convertible Note Options will be issued on the terms and conditions set out in Section 4.2.

The purpose of the Convertible Note Options is set out in Section 3.1.1.

2.4 Cleansing Offer

The Cleansing Offer is an offer of up to 10,000 Shares at an issue price of \$0.03 per Share to raise up to \$30 (before expenses). The Company is seeking to raise only

a nominal amount of \$30 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The Cleansing Offer will allow the Company to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

The Cleansing 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.

2.4.1 Application for Shares under the Cleansing Offer

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

Payment for the Shares must be made in full at the issue price of \$0.03 per Share.

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

Delivery by hand	Delivery by post
Leaf Resources Limited 140 Wharf Street, Maryborough QLD 4650	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.

2.4.2 Applications for Placement Options under the Placement Options Offer

The Placement Options Offer will only be extended to the participants (or their nominee) in the Placement.

Placement Options Offer Application Forms will only be provided to these participants by invitation by the Directors. By completing a Placement Options Offer Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Placement Options Offer Application Form together with a complete and unaltered copy of the Prospectus.

2.4.3 Applications for Convertible Note Options under the Convertible Note Options Offer

The Convertible Note Options Offer will only be extended to the Convertible Note Holders (or their nominee).

Convertible Note Options Offer Application Forms will only be provided to these Convertible Note Holders by invitation by the Directors. By completing a Convertible Note Options Offer Application Form, you will be taken to have declared that all details and statements made by you are complete and

accurate and that you have received personally the Convertible Note Options Offer Application Form together with a complete and unaltered copy of the Prospectus.

2.5 Minimum subscription

There is no minimum subscription.

2.6 Issue of Securities

Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing rules and timetable set out at the commencement of this Prospectus.

Application monies (if any) will be held in a separate subscription account until the Securities are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any Securities are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Securities. 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 Securities issued is less than the number applied for, or where no issue is made, the surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date of the Offers. Interest will not be paid on monies refunded.

Holding statements for Securities issued under the Offers will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

2.7 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.

The Company will not apply for Official Quotation of the Placement Options and Convertible Note Options offered pursuant to this Prospectus.

2.8 Restrictions on the distribution of the Prospectus

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

These Offers does not, and is not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such offers 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.

2.9 Enquiries

Any questions concerning the Offers should be directed to Drew Speedy, Company Secretary, on +61 409 850 802.

3. PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the Offers

3.1.1 Purpose of the Placement Options Offer and Convertible Note Options Offer

The Placement Options Offer and Convertible Note Options Offer are being made such that relief provided under ASIC Corporations (Sale Offers that Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the Options under the Placement Options Offer and Convertible Note Options Offer are issued with disclosure under the Prospectus, then the Shares issued upon the exercise of any of those Options can be on-sold within 12-months of their issue, without a disclosure document for the on-sale offer.

3.1.2 Purpose of the Cleansing Offer

The primary purpose of the Cleansing Offer 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 of the Cleansing Offer (including prior to the date of this Prospectus).

Accordingly, the Company is seeking to raise only a nominal amount of \$30 under the Cleansing Offer as the purpose of the Cleansing Offer is not to raise capital.

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.

3.2 Principal Effect of the Offers

The principal effect of the Offers (assuming that the Placement Options and Convertible Note Options are issued and no other Securities are issued or exercised or converted) will be to:

- (a) increase the number of Options on issue from 39,199,170 Options as at the date of this Prospectus to 152,162,193 Options following completion of the Offers;
- (b) 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 of the Cleansing Offer (including prior to the date of this Prospectus); and

- (c) to remove any trading restrictions attaching to Shares issued on exercise of the Options issued under this Prospectus.

3.3 Effect of the Offers on capital structure

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

Shares

Shares ¹	Number
Shares currently on issue	1,796,705,545
Shares to be issued under the Placement ²	13,333,333
Shares offered under this Prospectus	1,000
Total Shares on issue on completion of the Offers³	1,810,039,878

Notes:

- The rights and liabilities attaching to the Shares are summarised in Section 4 of this Prospectus.
- 13,333,333 Shares to be issued at an issue price of \$0.03 per Share prior to the Closing Date, as announced on 19 July 2022. Funds raised from the issue of these Shares will be used to complete settlement on the 16,000 tpa replacement chemical extraction equipment, for debt repayment general working capital and cover the costs of the Offers. Please refer to Company's announcement dated 19 July 2022 for further information.
- This assumes the Offers are fully subscribed and no Options are exercised.

Options

Options	Number
Unlisted Options currently on issue ¹	39,199,170
Placement Options offered pursuant to the Placement Options Offer	85,000,050
Convertible Note Options offered pursuant to the Convertible Note Options Offer	27,962,973
Total Options on issue on completion of the Offers	152,162,193

Notes:

- Comprising of:
 - 283,334 unlisted Options each exercisable at \$0.1765 each on or before 19/3/23;
 - 665,834 unlisted Options each exercisable at \$0.1765 each on or before 22/5/23;
 - 1,275,000 unlisted Options each exercisable at \$0.1765 each on or before 14/09/23;
 - 1,275,000 unlisted Options each exercisable at \$0.1765 each on or before 01/02/24;
 - 850,002 unlisted Options each exercisable at \$0.2941 each on or before 01/04/24;
 - 24,750,000 unlisted Options each exercisable at \$0.023 each on or before 1/03/25;
 - 1,000,000 unlisted Options each exercisable at \$0.13 each on or before 29/04/24; and
 - 10,000,000 unlisted Options each exercisable at \$0.04 each on or before 19/07/2025.

Performance Rights

Performance Rights	Number
Unlisted Performance Rights currently on issue ¹	33,000,000
Performance Rights offered under this Prospectus	Nil
Total Performance Rights on issue on completion of the Offers	33,000,000

Notes:

1. Comprising of 33,000,000 Performance Rights with a nil exercise price and have performance and employment retention vesting conditions to be achieved prior to 3 August 2023.

3.4 Financial effect of the Offers

After expenses of the Offers of approximately \$10,000, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$30) will be met from the Company's existing cash reserves.

As such, the Offers will have an effect on the Company's financial position, being receipt of funds of \$30 less costs of preparing the Prospectus of approximately \$10,000.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 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.

(a) 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.

(b) 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:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) 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
- (iii) 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).

(c) 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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

(i) **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.

4.2 Terms and Conditions of the Placement Options and Convertible Note Options

The terms and conditions of the Placement Options and Convertible Note Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.045 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 31 August 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (e) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5. RISK FACTORS

5.1 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.

5.2 Company specific

(a) Going concern risk

The Company's financial report for the full-year ended 30 June 2022 (released to ASX on 29 August 2022) 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 30 June 2022, the Company Group has incurred a loss before income tax of \$6,032,263 (2021:\$9,074,136), had negative cash flows from operating activities of \$4,179,954 (2021: \$2,531,327) and had negative net current assets of \$609,917 (Jun 2021: positive \$29,323). Prima facie these conditions, combined with the impact of an explosion at the Company's Apple Tree Creek Pine Chemical Plant in November 2021 (which resulted in significant damage to plant and equipment and injuries with an on-site personnel), cast significant doubt on the Company Group's ability to continue as a going concern.

The Directors have considered the following events that have occurred post 30 June 2022:

- (i) The Company undertook a placement in July 2022 to sophisticated and professional investors to raise \$5,100,000 through the issue of 156,666,667 fully paid ordinary shares, and an additional 13,333,333 ordinary shares that are committed to be issued in September 2022.
- (ii) The Company had \$1,467,409 of convertible notes accounted for as current liabilities at 30 June 2022. In July 2022, these notes were subsequently converted into fully paid ordinary shares.

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

Notwithstanding the abovementioned compensating events, there continues to be a material uncertainty related to the events and

conditions described above, including the impact of the Apple Tree Creek Operating Plant incident, and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

Further, the Company has received confirmation from its insurance agent that it is indemnified by the insurers to replace damaged equipment. The Company has received to-date insurance payment of \$1,400,000 and the balance is expected to be received in instalments. The Company is currently working with its insurance providers to claim for repairs and replacements of damaged machinery and equipment as a result of the incident at the Apple Tree Creek plant.

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. 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. The explosion has been a setback to the Company, but management are currently working on plans for the road forward and as quick a return to operations as is possible.

Notwithstanding the 'going concern' paragraph included in the Company's financial reports, the Directors believe that the Company upon completion of the Placement, 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**

The Company has secured financing through both the convertible note raise as announced on 13 May 2022 and the Placement as announced on 19 July 2022 enabling it to acquire key equipment required to restore its plant, being a fit for-purpose solvent extractor with capacity to produce 16,000 tonnes per annum (**TPA**) of Leaf's natural pine chemical products, which is a doubling of the damaged plant's capacity. The financing will also allow for the payment of related transportation, installation costs and general working capital to bring the plant back into operation.

The funds raised under the convertible note raise as announced on 13 May 2022 and Placement as announced on 19 July 2022 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, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Placement, the Company may seek to raise further funds. Failure to obtain sufficient financing 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**

Following from the incident at the Apple Tree Creek plant, the Company has received confirmation from its insurance agent that it is indemnified by the insurers to replace damaged equipment. The Company has received progress payment of \$1,400,000 of an expected total payout of \$4,600,000. The balance is expected to be received in instalments as the Company progresses in replacing the damaged machinery and equipment as a result of the incident at the Apple Tree Creek plant but there is a risk that the balance of the payout may not be received by the Company.

(d) **Workplace Health and Safety**

The Company is currently working with WorkSafe Queensland health and safety officers and have provided all data requests to WorkSafe Queensland and awaits its assessment. 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.

The Company has recently acquired a new 16,000 tpa extractor with improved safety features, such as internal fire suppression and has engaged Verbec, a specialist third party engineering firm, for all design, project management, regulatory and safety compliance aspects of the rebuild and APS, an independent health and safety agency, to audit and oversee future safety and rebuild of the plant.

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 and discoveries, and if any 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 or duplicate its knowhow. 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 on the supply of pine log to the Company. However, although the Company relies on a single supplier of pine logs, HQPlantations Pty Ltd (**HQ Plantations**), HQ Plantations is obliged to supply pine logs to the Company from its Elliot River, Tuan Toolara Wongi and Beerburum plantations. If there are any climate-related risks such as fire, flood and drought, the damage is more likely to be localised on one plantation and not normally all.

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 Pty Ltd (**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 effect on the Company's business, its financial performance and its cash flows.

5.3 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, this 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 EQ 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.

5.4 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 exploration, 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. 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 Securities 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 Securities 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 Securities 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.

5.5 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 Securities offered under this Prospectus

Therefore, the Securities 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 Securities.

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

6. ADDITIONAL INFORMATION

6.1 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.

6.2 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
07/09/2022	Results of Meeting
31/08/2022	Clarifying Announcement – Business Update
29/08/2022	Appendix 4G and Corporate Governance Statement

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>.

The Company notes that it is currently in discussions with several parties regarding non-dilutive funding options. While negotiations are being undertaken, there is no executed agreement in respect of a non-dilutive funding option and negotiations between parties remain incomplete. The Company will update the market upon any binding agreement being executed.

6.3 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 ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.041	10 August 2022
Lowest	\$0.021	26 July 2022
Last	\$0.030	7 September 2022

6.4 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 Mountfort and Shirley Mountfort ATF Mounties1 Family Trust ¹	590,700,000	32.88

Notes:

1. Ramon Mountfort and Shirley Mountfort ATF Mounties1 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 Offers.

6.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or 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 Offers.

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	Performance Rights
Douglas Rathbone	18,582,942 ¹	Nil	Nil
Kenneth Richards	80,927,942 ²	26,025,000 ³	Nil
Ramon Mountfort	590,700,000 ⁴	Nil	Nil
Terence Gray	23,505,357 ⁵	Nil	16,500,000

Notes:

1. Comprising of:
 - 17,904,616 Shares held indirectly by Invia Custodian Pty Ltd ATF Grapefull Superannuation Fund;
 - 546,429 Shares held indirectly by Invia Custodian Pty Ltd ATF Fruitful Super Fund; and
 - 131,897 Shares held indirectly by RWG Pty Ltd.

2. 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.
3. 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;
4. 590,700,000 Shares held indirectly by Ramon Mountfort and Shirley Mountfort ATF Mounties1 Family Trust.
5. Comprising of:
 - a. 10,987,620 Shares held indirectly by Tegis Pty Ltd;
 - b. 1,057,364 Shares held indirectly by TRG Pty Ltd;
 - c. 10,140,373 Shares held indirectly by Terence and Elizabeth Gray <The T&E Gray Superfund A/C>; and
 - d. 1,320,000 Shares held indirectly by TEGIF Pty Ltd.

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	Financial year ending 30 June 2022	Financial year ending 30 June 2021	Financial year ending 30 June 2020
Douglas Rathbone	\$66,000 ¹	\$87,681 ²	89,333 ³
Kenneth Richards	\$132,700 ⁴	\$346,015 ³	43,861 ⁶
Ramon Mountfort ⁷	\$331,286 ⁸	\$176,871 ⁹	N/A
Terence Gray	\$239,391 ¹⁰	\$122,416 ¹¹	N/A

Notes:

1. Comprising \$60,000 in cash salary and fees and \$6,000 in superannuation.
2. Comprising \$81,375 in cash salary and fees and \$6,306 in superannuation.
3. Comprising \$84,706 in cash salary and fees and \$4,627 in superannuation.
4. Comprising \$120,000 in cash salary and fees, \$12,000 in superannuation and \$700 in relation to options.
5. Comprising \$90,952 in cash salary and fees, \$8,640 in superannuation and \$246,422 in relation to Options. Mr Kenneth Richards received options in lieu of the cancellation of Essential Queensland options previously held. The issue of options was approved by shareholders at an extraordinary general meeting on 27 November 2020.
6. Comprising \$30,441 in cash salary and fees, \$2,892 in superannuation and \$10,528 in relation to Options.
7. Mr Ramon Mountfort was appointed as Managing Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd.
8. Comprising \$301,154 in cash salary and fees and \$30,133 in superannuation.
9. Comprising \$161,526 in cash salary and fees and \$15,345 in superannuation.
10. Comprising \$180,000 in cash salary and fees, \$6,000 in superannuation and \$27,800 in relation to performance rights.
11. Comprising \$91,613 in cash salary and fees, \$3,003 in superannuation and \$53,391 in relation to performance rights.

6.6 Interests of experts and advisers

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

- 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;
- promoter of the Company; or
- 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:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or

- (ii) the Offers; or
- (c) the Offers,

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 Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$7,500 (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 \$249,772.43 (excluding GST and disbursements) for legal services provided to the Company.

6.7 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.

6.8 Estimated expenses of Offers

The estimated expenses of the Offers 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.

6.9 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.

6.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES 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 CHES 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.

6.11 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.

7. 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.



Drew Speedy
Company Secretary
For and on behalf of
Leaf Resources Limited

8. 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 Offers.

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 CHESS.

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.

Cleansing Offer means the offer of up to 1,000 Shares at an issue price of \$0.03 per Share to raise up to \$30.

Cleansing Offer Application Form means an application form in respect of the Cleansing Offer either attached to or accompanying this Prospectus.

Closing Date means the date specified in the timetable in Section 1.1 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.

Convertible Notes has the meaning set out in Section 2.3.

Convertible Note Deed means the convertible note deeds entered into the Convertible Note Holders.

Convertible Note Holders has the meaning set out in Section 2.3.

Convertible Note Options means the free-attaching Options to be issued to the Convertible Note Holders for every two Convertible Note Shares issued to the Convertible Note Holders.

Convertible Note Options Offer means the offer of up to 27,962,973 Options, exercisable at \$0.045 each on or before 31 August 2023 to the Convertible Note Holders.

Convertible Note Options Offer Application Form means an application form in respect of the Convertible Note Options Offer either attached to or accompanying this Prospectus.

Convertible Note Shares means the Shares issued to the Convertible Note Holders upon conversion of the Convertible Notes.

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

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

General Meeting means the general meeting of Shareholders of the Company held on 7 September 2022.

Offers means the Cleansing Offer, the Placement Options Offer and the Convertible Note Options Offer.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offers as specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Placement has the meaning set out in Section 2.2.

Placement Participants means sophisticated and professional investors who participated in the Placement.

Placement Options means the free-attaching Options to be issued to the Placement Participants under the Placement for every two Placement Shares held by the Placement Participants (rounded up for fractional entitlements).

Placement Options Offer means the offer of up to 85,000,050 Options, exercisable at \$0.045 each on or before 31 August 2023 to Placement Participants.

Placement Options Offer Application Form means an application form in respect of the Placement Options Offer either attached to or accompanying this Prospectus.

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

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).