

Leaf Resources Limited

ABN: 18 074 969 056

**NOTICE OF EXTRAORDINARY GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

24 April 2020

10.00am (Brisbane Time)

Grant Thornton, Fred Hollows Training Room,
Level 18, 145 Ann St, Brisbane, Queensland, Australia

LETTER FROM THE CHAIRMAN

Dear Member

I am pleased to invite you to a General Meeting of Leaf Resources Limited (ASX:LER). The meeting will be held at 10:00am (Brisbane time) on 24 April 2020 at Grant Thornton, Fred Hollows Training Room, Level 18, 145 Ann St, Brisbane, Queensland.

Enclosed you will find the Notice of Meeting and Explanatory Memorandum detailing the business to be dealt with at the Meeting. Items that will be voted on at the Meeting are the the ratification of previous issues of Shares under Listing Rules 7.1 (Items 1 and 2), approval under Listing Rule 10.11 to issue Shares to related parties on conversion of the 2019 Notes (Item 3), and approval under Listing Rule 10.11 to issue Shares to a related party on conversion of the recently issued Loan Notes (Item 4). Further details are set out in the Explanatory Memorandum.

As announced in the Investor Update released on 26 February 2020, Leaf's primary focus is on biorefinery projects in Queensland & Malaysia and enhanced by our partnership with Gevo Inc (**Gevo**), a renewable chemical and advanced biofuels company.

The Board will continue to source incremental capital, as required. The funds raised from the Placement and the Loan Notes will be used to:

- engage with the Queensland Government and Gevo to develop a bio-manufacturing hub in a sugarcane producing region of Queensland, having agreed to participate jointly in a recently awarded W2B grant program from the Queensland Government to Gevo to investigate the commercial development & commercialisation of the project; and
- progress the TDA application in support of ICP funding in Malaysia. A successful outcome for Leaf will provide ~US\$5m in funding for the Malaysia project (through to Bankable Feasibility Study).

Yours sincerely



Mr Doug Rathbone
Chairman

NOTICE OF GENERAL MEETING

A General Meeting (**Meeting**) of Leaf Resources Limited (**Company**) will be held at 10:00am (Brisbane time) on 24 April 2020 at Grant Thornton, Fred Hollows Training Room, Level 18, 145 Ann St, Brisbane, Queensland for the purpose of transacting the business set out in this Notice.

SPECIAL BUSINESS

Item 1: Ratification of previous issue of Placement Shares under Listing Rule 7.4

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

Resolution 1

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Members approve the previous issue of 5,250,000 Shares at \$0.02 per Share to Sophisticated Investors, on the terms and conditions set out in the Explanatory Memorandum (**Placement**)."*

Item 2: Ratification of Services Shares under Listing Rule 7.4

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

Resolution 2

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Members approve the previous issue of 3,650,000 Shares at \$0.02 per Share to certain service providers, on the terms and conditions set out in the Explanatory Memorandum (**Services Shares**)."*

Item 3: Approval of issue of Shares to Related Parties under Listing Rule 10.11

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

Resolution 3(a)

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of Shares at \$0.02 per Share upon conversion of the 2019 Notes held by Growth Capital (WA) Pty Ltd and Keliri Pty Ltd, entities controlled by Mr Ken Richards, a non-executive Director of the Company, on the terms and conditions set out in the Explanatory Statement."

Resolution 3(b)

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of Shares at \$0.02 per Share upon conversion of the 2019 Notes held by Invia Custodian Pty Ltd, the trustee of the Grapefull Superannuation Fund (an entity controlled by Mr Rathbone, a non-executive Director of the Company), on the terms and conditions set out in the Explanatory Statement."

Item 4: Approval of issue of Shares to Related Party under Listing Rule 10.11

Resolution 4

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 Shares at \$0.02 per Share upon conversion of the Loan Notes held by Invia"

Custodian Pty Limited, the trustee of the Grapefull Superannuation Fund (an entity controlled by Director Mr Doug Rathbone), on the terms and conditions set out in the Explanatory Statement."

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Directors have determined that persons who are registered holders of Shares in the Company as at 7:00pm (Sydney time) on 22 April 2020 will be entitled to attend and vote at the Meeting as a Member. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

On a poll, Members have one vote for every Share held (subject to the voting exclusions referred to below).

PROXIES

If you are a Member entitled to attend and vote, you may choose to appoint a proxy.

The proxy need not be a Member of the Company and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with section 250D of the *Corporations Act 2001 (Cth)* to exercise its powers as proxy at the Meeting. A Member who is 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. If no proportion or number is specified, each proxy may exercise half of the Member's votes.

If you want to appoint one proxy, please use the form provided. If you want to appoint a second proxy, an additional voting form may be obtained from the Company's share registry (refer to the contact details below) or you may copy the voting form.

To be effective, the voting form, together with the original or a certified copy of the power of attorney (if any) under which the voting form is signed, must be received no later than 10:00 am (Brisbane time) on 22 April 2020 (48 hours before the commencement of the Meeting).

Please refer to the enclosed voting form for completion and lodgement instructions.

If a Member appoints the Chairman of the Meeting as their proxy, expressly or by default, and they do not direct the Chairman how to vote on a resolution, by completing and returning the Proxy Form they will be expressly authorising the Chairman of the Meeting to exercise the proxy and vote as the Chairman sees fit on a resolution.

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

CORPORATE REPRESENTATIVES

A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001 (Cth)* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the company before the Meeting.

ADMISSION TO MEETING

Members who will be attending the Meeting, and not appointing a proxy, are asked to bring the voting form to the Meeting to facilitate prompt admission.

Members who will not be attending the Meeting are encouraged to complete and return the voting form for each of their holdings of Shares.

If necessary, a replacement voting form may be obtained from the Company's share registry (refer to the contact details below).

CONTACT DETAILS FOR SHARE REGISTRY

Mail: Leaf Resources Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
Telephone: +61 (2) 8280 7454
Facsimile: +61 (2) 9287 0309
Email: registrars@linkmarketservices.com.au

VOTING EXCLUSION STATEMENT

In accordance with the Listing Rules, the Company will disregard any votes cast in favour of the resolution proposed in:

Resolution 1 by an allottee who participated in the issue of Shares under the Placement and any associate of the allottee (or those allottees).

Resolution 2 by Salmon Giles Corporate Pty Ltd, Business Point Pty Ltd or Robert Reis Consulting Pty Ltd and any associate of any of them.

Resolution 3(a) by Growth Capital (WA) Pty Ltd, Keliri Pty Ltd and any associate of those entities (including Mr Ken Richards).

Resolution 3(b) by Invia Custodian Pty Limited and any associate of Invia Custodian Pty Limited (including Mr Doug Rathbone).

Resolution 4 by Invia Custodian Pty Limited and any associate of Invia Custodian Pty Limited (including Mr Doug Rathbone).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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

EXPLANATORY MEMORANDUM

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

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'T. Pritchard', with a long horizontal flourish extending to the right.

Tim Pritchard
Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the Extraordinary General Meeting of Members of Leaf Resources Limited to be held on Friday, 24 April 2020. This Explanatory Memorandum is to assist Members in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Members should read the Explanatory Memorandum in full. The Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

The Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Members or any other person. If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in the Explanatory Memorandum are defined in the Glossary section at the end of the Explanatory Memorandum.

The information contained in this Explanatory Memorandum has been prepared by the Company and is the responsibility of the Company. Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Members to consider Resolutions 1 to 4 (inclusive).

Item 1: Ratification of previous issue of Placement Shares under Listing Rule 7.4

Listing Rule 7.1 generally restricts listed companies from issuing equity securities in any 12 month period, in excess of 15% of the number of issued ordinary securities of the company at the beginning of the 12 month period (plus certain other ordinary securities issued during that period), except with prior Member approval or under an exception in Listing Rule 7.2.

Listing Rule 7.4 provides that where the holders of ordinary securities in a company subsequently approve a previous issue of securities, those securities will be deemed to have been made with Member approval for the purpose of Listing Rule 7.1, provided the previous issue did not breach Listing Rule 7.1.

Resolution 1

This resolution seeks ratification of the issue of 5,250,000 Shares under the Placement to the allottees set out below, for the purpose of Listing Rule 7.4 and for all other purposes.

The issue of the Placement Shares did not result in the Company breaching the 15% limit referred to in Listing Rule 7.1.

If Members ratify the issue of these Shares, the issue will no longer reduce the Company's annual 15% issuance capacity under Listing Rule 7.1, and the Placement Shares will be included in the number of ordinary securities used to calculate the 15% limit.

If Members do not ratify the issue of the Placement Shares, then the Company's annual 15% placement capacity will not be refreshed and so the number of additional equity securities that the Company may issue will be reduced by the number of Placement Shares. This may affect the Company's flexibility to issue additional equity securities in future without first obtaining Member approval.

Listing Rule Disclosure

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares:

Number and class of shares issued	Total of 5,250,000 Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1
Issue price	\$0.02 per Share, which represented a 4% discount to the Company's 30-day VWAP.
Date of issue	11 March 2020
Terms of the Shares	The Shares were issued as fully paid ordinary shares ranking equally with existing Shares.
Allottees	The Shares were issued to Sophisticated Investors who were introduced by Salmon Giles Corporate Pty Ltd.
Use of funds	Working capital.
Summary of terms of agreement to issue securities	Not applicable.

Recommendation

The Board recommends that Members vote in favour of Resolution 1 and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Item 2: Ratification of previous issue of Services Shares under Listing Rule 7.4

Resolution 2

This resolution seeks ratification of the issue of 3,650,000 Shares under to the allottees set out below, for the purpose of Listing Rule 7.4 and for all other purposes.

The issue of the Services Shares did not result in the Company breaching the 15% limit referred to in Listing Rule 7.1.

If Members ratify the issue of these Shares, the issue will no longer reduce the Company's annual 15% issuance capacity under Listing Rule 7.1, and the Services Shares will be included in the number of ordinary securities used to calculate the 15% limit.

If Members do not ratify the issue of the Services Shares, then the Company's annual 15% placement capacity will not be refreshed and so the number of additional equity securities that the Company may issue will be reduced by the number of Services Shares. This may affect the Company's flexibility to issue additional equity securities in future without first obtaining Member approval.

Listing Rule Disclosure

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Services Shares:

Number and class of shares issued	Total of 3,650,000 Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1		
Issue price	\$0.02 per Share.		
Date of issue	11 March 2020		
Terms of the Shares	The Shares were issued as fully paid ordinary shares ranking equally with existing Shares.		
Allottees	The Shares were issued to the following persons in satisfaction of amounts owing by the Company:		
	Allottee	Number of Shares	Services provided
	Salmon Giles Corporate Pty Ltd	600,000	Corporate advisory services

	Business Point Pty Ltd	1,850,000	Assistance in establishing the Malaysian entity and local shareholding
	Robert Reis Consulting Pty Ltd	1,200,000	Corporate strategy & communication services
Use of funds	Working capital.		
Summary of terms of agreement to issue securities	Not applicable.		

Recommendation

The Board recommends that Members vote in favour of Resolution 1 and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Item 3: Approval under LR 10.11 for the issue of Shares to related parties under the 2019 Notes

ASX Listing Rule 10.11 requires Member approval to be obtained where an entity issues, or agrees to issue, equity securities to related parties and certain other persons.

On 29 March 2019, the Company announced that it had executed a Note Subscription Agreement with entities associated with directors Douglas Rathbone and Ken Richards for the issue of a total of 2,500 unsecured notes with a face value of \$100 each (**2019 Notes**).

The Company and each 2019 Note holder have agreed that, subject to, conditional upon, and with effect from, Member approval being obtained for the conversion of the 2019 Notes into Shares, the 2019 Note Terms will be amended so that:

- the Conversion Price will be fixed at \$0.02 per Share, which is the the same issue price as the Placement Shares. The Conversion Price for the 2019 Notes was originally to be calculated as the 15 Business Day VWAP ending 2 Business Days prior to the Conversion Date, with certain other adjustments for the new share issues that have occurred since the 2019 Notes were issued; and
- the 2019 Notes will be redeemed and will convert into Shares on the date which is 2 Business Days after the date on which such Member approval is obtained.

The number of Shares to be issued will be determined by dividing the outstanding face value of the Notes plus accrued interest up to the Conversion Date, by \$0.02.

The resolutions under this item of business seek Member approval for the issue of Shares upon conversion of the 2019 Notes on this basis.

Resolution 3(a)

Growth Capital (WA) Pty Ltd and Keliri Pty Ltd, entities associated with Mr Richards, hold 450 and 800 2019 Notes respectively.

The following information is provided in relation to the proposed issuance:

- The related parties are Growth Capital (WA) Pty Ltd and Keliri Pty Ltd. Both entities are related parties of the Company as they are controlled by Mr Ken Richards – a non-executive Director of the Company.
- The number of Shares to be issued to Growth Capital (WA) Pty Ltd and Keliri Pty Ltd will be determined by dividing the outstanding face value of the Notes held by them plus accrued interest up to the Conversion Date, by \$0.02 (being the Conversion Price).

Person	Total face value of Notes plus accrued interest at the expected Conversion Date ¹	Expected number of Shares to be issued
Growth Capital (WA) Pty Ltd	\$28,672.60	1,433,630
Keliri Pty Ltd	\$115,150.68	5,757,534

3. The Shares will be issued to Growth Capital (WA) Pty Ltd and Keliri Pty Ltd on the Conversion Date (the date which is 2 Business Days after the date of this Meeting), but in any event no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
4. The Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
5. The primary purpose of the issue of Shares to Growth Capital (WA) Pty Ltd and Keliri Pty Ltd is for the Company to redeem and convert the 2019 Notes held by them. No additional funds will be raised from the issue of these Shares, but the Company will no longer be liable to repay the face value of the 2019 Notes plus accrued interest to these companies.
6. The Shares are being issued in accordance with the 2019 Note terms, as summarised in the Company's announcement of 29 March 2019, except that, as noted above, the Conversion Price will be \$0.02 per Share and the Conversion Date will be the date which is 2 Business Days after the date of this Member approval.
7. If the Members do not approve this Resolution 3(a), the 2019 Notes held by Growth Capital (WA) Pty Ltd and Keliri Pty Ltd will not be amended or redeemed, no Shares will be issued to them, and the Company will continue to owe the face value of the Notes together with accrued interest, and the 2019 Notes will continue to accrue interest.

A separate approval under ASX Listing Rule 7.1 is not required as the ASX Listing Rules provide that an approval obtained under Listing Rule 10.11 is treated as an approval for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 3(a) is approved, the issue of Shares to Growth Capital (WA) Pty Ltd and Keliri Pty Ltd will not reduce the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1, and the Shares will be included in the number of ordinary securities used to calculate the 15% limit.

Recommendation

The Board (Mr Ken Richards abstaining) recommends that Members vote in favour of Resolution 3(a) and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Resolution 3(b)

Invia Custodian Pty Limited, the trustee of the Grapefull Superannuation Fund (an entity controlled by Mr Rathbone), holds 1,250 2019 Notes.

The following information is provided in relation to the proposed issuance:

1. The related party is the Grapefull Superannuation Fund, of which Invia Custodian Pty Limited is the trustee. Invia Custodian Pty Ltd is a third party trustee and custodian company. The Grapefull Superannuation Fund is a related party of the Company as it is controlled by Director Doug Rathbone.

¹ This amount and the number of Shares to be issued on conversion will change if the Conversion Date changes.

2. The number of Shares to be issued to Invia Custodian Pty Limited will be determined by dividing the outstanding face value of the Notes held by them plus accrued interest up to the Conversion Date, by \$0.02 (being the Conversion Price).

Person	Total face value of Notes plus accrued interest at the expected Conversion Date ²	Expected number of Shares to be issued
Invia Custodian Pty Ltd as trustee for the Grapefull Superannuation Fund]	\$143,938.36	7,196,918

3. The Shares will be issued to Invia Custodian Pty Limited on the Conversion Date (the date which is 2 Business Days after the date of this Meeting), but in any event no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
4. The Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
5. The primary purpose of the issue of Shares to Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund is for the Company to redeem and convert the 2019 Notes held by it. No additional funds will be raised from the issue of these Shares, but the Company will no longer be liable to repay the face value of the 2019 Notes plus accrued interest to the holder.
6. The Shares are being issued in accordance with the 2019 Note terms, as summarised in the Company's announcement of 29 March 2019, except that, as noted above, the Conversion Price will be \$0.02 per Share and the Conversion Date will be the date which is 2 Business Days after the date of this Member approval.
7. If the Members do not approve this Resolution 3(b), the 2019 Notes held by Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund will not be amended or redeemed, no Shares will be issued to the Grapefull Superannuation Fund, and the Company will continue to owe the face value of the Notes together with accrued interest, and the 2019 Notes will continue to accrue interest.

A separate approval under ASX Listing Rule 7.1 is not required as the ASX Listing Rules provide that an approval obtained under Listing Rule 10.11 is treated as an approval for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 3(b) is approved, the issue of Shares to Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund will not reduce the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1, and the Shares will be included in the number of ordinary securities used to calculate the 15% limit.

Recommendation

The Board (Mr Doug Rathbone abstaining) recommends that Members vote in favour of Resolution 3(b) and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Resolution 4

Invia Custodian Pty Limited, the trustee of the Grapefull Superannuation Fund (which is controlled by Director Mr Doug Rathbone), has subscribed \$75,000 for the issue of 75 Loan Notes with a face value of \$100 each. Details of the Loan Notes were set out in the Company's announcement dated 20 March 2020 (attached in schedule 1).

² This amount and the number of Shares to be issued on conversion will change if the Conversion Date changes.

Under the terms of the Note Subscription Agreement for the Loan Notes, the Company has agreed to seek Member approval under Listing Rule 10.11 to enable the Loan Note terms to be amended to allow conversion of the Loan Notes into Shares at a conversion price of \$0.02 per Share.

As outlined above, ASX Listing Rule 10.11 requires Member approval to be obtained where an entity issues, or agrees to issue, equity securities to a related party. As the proposed amendment would permit the issue of Shares to a related party of the Company, Member approval under Listing Rule 10.11 is required.

The following information is provided in relation to the proposed issuance:

1. The related party is the Grapefull Superannuation Fund, of which Invia Custodian Pty Limited is the trustee. Invia Custodian Pty Ltd is a third party trustee and custodian company. The Grapefull Superannuation Fund is a related party of the Company as it is controlled by Director Doug Rathbone.
2. The number of Shares to be issued to Invia Custodian Pty Limited will be determined by dividing the outstanding face value of the Notes held by them plus accrued interest up to the Redemption Date, by \$0.02.

Person	Total face value of Notes plus accrued interest at the expected Redemption Date ³	Expected number of Shares to be issued
Invia Custodian Pty Ltd [as trustee for] the Grapefull Superannuation Fund]	\$76,089.04	3,804,452

3. The Shares will be issued to Invia Custodian Pty Limited on the Redemption Date (the date which is 2 Business Days after the date of this Meeting), but in any event no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
4. The Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
5. The primary purpose of the issue of Shares to Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund is for the Company to redeem and convert the Loan Notes held by the Grapefull Superannuation Fund. No additional funds will be raised from the issue of these Shares, but the Company will no longer be liable to repay the face value of the Loan Notes plus accrued interest to the holder.
6. The Shares will be issued in accordance with the Loan Note terms as they will be amended after this resolution is passed, as summarised in the Company's announcement of 20 March 2020 attached in schedule 1.
7. If the Members do not approve this Resolution 4, the Loan Notes held by Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund will not be redeemed, no Shares will be issued to it, and the Company will continue to owe the face value of the Notes together with accrued interest, and the Loan Notes will continue to accrue interest.

A separate approval under ASX Listing Rule 7.1 is not required as the ASX Listing Rules provide that an approval obtained under Listing Rule 10.11 is treated as an approval for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 4 is approved, the issue of Shares to Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund will not reduce the Company's 15%

³ This amount and the number of Shares to be issued on conversion will change if the Conversion Date changes.

annual placement capacity pursuant to ASX Listing Rule 7.1, and the Shares will be included in the number of ordinary securities used to calculate the 15% limit.

Recommendation

The Board (Mr Doug Rathbone abstaining) recommends that Members vote in favour of Resolution 4 and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Glossary

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

2019 Notes means unsecured promissory notes issued by the Company under the Note Subscription Agreement dated on or about 29 March 2019 with a face value of \$100 per note.

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

Board means the board of Directors.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Brisbane.

Company means Leaf Resources Limited.

Conversion Date means the date of conversion of the 2019 Notes, expected to be the date which is 2 Business Days after the date of this Meeting.

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

Director means a director of the Company.

Explanatory Memorandum means the 'Explanatory Memorandum' set out in the second part of this document after the Notice.

Listing Rules means the official listing rules of the ASX.

Loan Notes means the unsecured promissory notes issued under the Note Subscription Agreement dated 20 March 2020 between the Company and Invia Custodian Pty Limited as trustee for the Grapefull Superannuation Fund, an entity associated with the Chairman – Mr Doug Rathbone.

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 the holder of a Share whose name has been entered on the register of members of the Company.

Notice means the 'Notice of Extraordinary General Meeting' set out in the first part of this document before the Explanatory Memorandum.

Placement has the meaning given in Resolution 1.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution as set out in the Notice.

Services Shares has the meaning given in Resolution 2.

Share or Shares means fully paid ordinary shares in the Company.

Sophisticated Investor has the meaning given to that term under s708(8), s708(11) or s708(12) of the Corporations Act.

VWAP means volume weighted average price.

Schedule 1- Loan Note Announcement

20 March 2020

Australian Securities Exchange Announcement

Leaf issues unsecured Loan Notes to Fund Working Capital

Leaf is pleased to advise that it has executed a Note Subscription Agreement with an entity associated with the Chairman of the Company – Mr Douglas Rathbone for the issue of 750 unsecured notes with a face value of \$100 each (**Loan Notes**) totaling \$75,000 (**Face Value**), to fund the Company's immediate needs for additional working capital. The Notes are expected to be issued on 20 March 2020.

The Loan Notes have a term of three years, with a simple interest rate of 10% per annum payable at the end of the term, unless the Company exercises its rights to repay the capital and accrued interest earlier or is required to do so under the Note terms.

The terms of the Notes have been determined to be on an arm's length basis and have been approved by the non-interested directors of the Company.

The Company and the Noteholder has agreed that, subject to, conditional upon, and with effect from, the Company obtaining the necessary Shareholder approval for the purposes of Listing Rule 10.11, the Loan Note Terms will be amended to provide that the Company must convert the Loan Notes into Shares. The number of Shares to be issued will be calculated by dividing the face value of all the Loan Notes plus any interest which has accrued but not been paid on them on Redemption Date by a Conversion Price of \$0.02 per Share (which is the same price as the recent Placement announced on 29 February 2020). The Redemption Date will also be amended to be the date which is 2 Business Days after the date on which that Member approval is obtained.

A General Meeting of Shareholders will be called shortly to consider the necessary Shareholder approval resolutions.

ENDS

About Leaf Resources Ltd (ASX: LER)

Leaf Resources is one of the world's leading companies in converting plant biomass into industrial sugars. Our proprietary process for converting biomass-to-functional industrial sugars enable a myriad of downstream technologies for the production of renewable chemicals that will substitute petrochemicals used in manufacturing today. With our project development and continued technical innovation we are building a robust global business centered on renewable carbon containing products to deliver environmental and economic benefits to our shareholders and our planet. More on www.leafresources.com.au

Contacts:

Alex Baker (Managing Director)
Douglas J Rathbone (Chairman)

M: +61 419 028 372
M: +61 411 258 987

Loan Notes - Key terms

Term	Details
Tranches	The Loan Notes will comprise 1 tranche of 750 Loan Notes with an aggregate Face Value of \$75,000.
Face Value	\$100 per Loan Note.
Interest rate	10% per annum simple interest, payable upon redemption or conversion.
Term	Subject to early redemption, the term is 3 years from the date of issue of the Loan Notes.
Security	The Loan Notes are unsecured.
Quotation	The Loan Notes will not be quoted on ASX or any other market.
Redemption	The Company: • must redeem the Loan Notes at any time, subject to majority agreement of the Board; • must redeem the Loan Notes early if there is an Event of Default (see below) and the Noteholders give notice requiring redemption; • must redeem the Loan Notes early if there is a Capital Raising Event or a Control Event (see below); • must redeem the Loan Notes on the last day of the Term; and • may redeem the Loan Notes early in any other circumstances determined by the Board in its absolute discretion.
Capital Raising Event	The Company raising gross proceeds of \$100,000 or more (in aggregate) from one or more issues of Shares and/or convertible securities at substantially the same time, or in any other circumstances which the Board in its absolute discretion considers to be a Capital Raising Event.
Control Event	(a) either: (i) an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the Shares in the Company, or (ii) any person proposes a scheme of arrangement with regard to such acquisition, and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of Company has or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect; or (b) the Company Group consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person.
Redemption Amount	The Face Value plus any interest which has accrued but not been paid on that Loan Note on Redemption Date. If the Company is in liquidation, or being dissolved or wound up and has insufficient assets to permit payment of the Redemption Amount in full to the Noteholder, then the Company will distribute the amount it has available rateably to the Noteholder in proportion to the amount the Noteholder would have been entitled to receive in full and final discharge of its obligations under the Loan Notes.
No conversion right	Neither the Noteholders nor the Company have a right to convert the Loan Notes to Shares.
Proposed Amendment to allow for conversion	However, the Company and the Noteholders have agreed that, subject to, conditional upon, and with effect from, the Company obtaining the necessary Member approval for the purposes of Listing Rule 10.11, the Loan Note Terms will be amended to provide that the Company must convert the Loan Notes into Shares at a Conversion Price of \$0.02 per Share (rounded down to the nearest Share). The Redemption Date will also be amended to be the date which is 2 Business Days after the date on which that Member approval is obtained. Each Share issued on conversion of any Loan Notes will rank equally in all respects and forms one class with the Shares on issue at the relevant Redemption date, provided that where the Redemption date occurs after the record date for a

	dividend or other distribution determined by the Board to be payable to holders of Shares, that Share will not participate in the relevant dividend or other distribution.
Negative Undertakings	The Company has agreed not to do certain things without the prior written consent of the Noteholders (acting reasonably).
Events of Default	The following events are Events of Default: • the Company fails to repay any amount due in respect of a Loan Note, or any other monies due to the Noteholder, when due and payable; • the Company commits a material breach of the Loan Note Terms and the Company receives a notice of breach from a Noteholder and does not remedy that breach within 20 Business Days of receiving that notice; • an Insolvency Event occurs in relation to the Company; • an order for payment or a judgement in excess of \$2,000,000 is made in respect of the Company and the amount is not paid within 7 days; • ASIC or any government agency issues any proceedings against the Company or its directors alleging material breach of the Corporations Act; • the Company ceases to carry on the business or the majority part thereof; • an appointment or removal of the Chairman of the Company, or of any director of the Company or an appointment or removal of any senior manager of the Company, including the Chief Executive Officer or the Chief Financial Officer, without the prior approval of the Noteholders; or • make any capital return or buy-back in respect of the securities of the Company (other than under these Loan Note Terms) . If the default is not remedied, the Noteholders may require the Company to redeem the Loan Notes (including accrued interest).
Ranking of Loan Notes	Each Loan Note ranks equally with all other Loan Notes in all respects
No participation right	The Loan Notes carry no right to participate in any offering of securities by the Company.
No voting rights	Except as required by the Corporations Act, the Noteholder will not have any right to vote at general meetings of the Company.
Transfer of Loan Notes	The Loan Notes may be transferred with the prior written consent of the Board (which consent must not be unreasonably withheld).

LODGE YOUR VOTE
 **ONLINE**
www.linkmarketservices.com.au
 **BY MAIL**
 Leaf Resources Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
 Telephone: +61 1300 554 474

X99999999999
PROXY FORM

I/We being a member(s) of Leaf Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY
☐ **the Chairman of the Meeting (mark box)**
OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (Brisbane Time) on Friday, 24 April 2020 at Offices of Grant Thornton, Fred Hollows Training Room, Level 18, 145 Ann St, Brisbane, Queensland, Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.
VOTING DIRECTIONS
Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒
Resolutions

- 1** Ratification of previous issue of Placement Shares under Listing Rule 7.4
- 2** Ratification of Services Shares under Listing Rule 7.4
- 3a** Approval of issue of Shares to Growth Capital (WA) Pty Ltd and Keliri Pty Ltd

For Against Abstain*

☐	☐	☐
☐	☐	☐
☐	☐	☐

- 3b** Approval of issue of Shares to Invia Custodian Pty Ltd, the trustee of the Grapefull Superannuation Fund
- 4** Approval of issue of Shares to Related Party under Listing Rule 10.11

For Against Abstain*

☐	☐	☐
☐	☐	☐

 *** If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.**
SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Brisbane Time) on Wednesday, 22 April 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Leaf Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**