Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Leaf Resources Limited
ABN	18 074 969 056
Financial Year Ended	30 June 2021
Previous Corresponding Reporting Period	30 June 2020

Results for Announcement to the Market

	$'000	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	44	250% increase
Profit / (loss) after tax attributable to members	(9,074)*	1,002% increase*
Net profit / (loss) for the period attributable to members	(9,074)*	1,002% increase*

*Note: Includes one off reverse acquisition-in process R&D non-cash cost of $7,515,114

Financial Statements

Statement of comprehensive income together with notes to the statement:

Refer attached Annual Report

The Group has not recognised the deferred tax asset in the financial statements related to approximately $28.3m of carry forward tax losses (refer Annual Report Consolidated Statement of Profit or Loss and Other Comprehensive income and Note 9 to the Financial Statements). However, the Group has received formal advice that these carry forward tax losses as at 30 June 2021 are available to be carried forward to offset against future taxable income.

Statement of financial position together with notes to the statement:

Refer attached Annual Report

Statement of cash flows together with notes to the statement:

Refer attached Annual Report

An amount of approximately $2.6m of R&D tax incentive has been recognised in Other income (refer Annual Report Consolidated Statement of Profit or Loss and Other Comprehensive Income and Note 7 to the Financial Statements), this cash rebate amount had not been received as at 30 June 2021.

Statement of retained earnings, or a statement of changes in equity, showing movements:

Refer attached Annual Report

Dividends

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	0.0 cents	0.0 cents
Interim Dividend	0.0 cents	0.0 cents
Record date for determining entitlements to the dividends (if any)		Not applicable
Date the dividend is payable	Not applicable	
Record date to determine entitlement to the dividend		
Amount per security		
Total dividend		
Amount per security of foreign sourced dividend or distribution		
Details of any dividend reinvestment plans in operation		
The last date for receipt of an election notice for participation in any dividend reinvestment plans		

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.30 cents	0.76 cents

Details of Entities over which Control has been gained or lost during the period

Refer to Note 29 to the Financial Statements in the attached Annual Report

Details of Associated and Joint Venture Entities

Refer to Note 6 and 29 to the Financial Statements in the attached Annual Report

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity’s Financial Performance and Financial Position

Refer attached Annual Report

Commentary on the Results for the Period

Refer attached Annual Report

Returns to shareholders including distributions and buy backs: Not applicable
Significant features of operating performance: Refer to the Directors’ Report in the attached Annual Report
The results of segments that are significant to an understanding of the business as a whole: Refer to Note 6(e) to the Accounts (Segment Reporting) in the attached Annual Report
Discussion of trends in performance: Refer to the Directors’ Report in the attached Annual Report
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: Refer to the Directors’ Report in the attached Annual Report

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	✓	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not Applicable			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Audited Annual Report for the year ended 30 June 2021

Drew Speedy
Company Secretary
By Order of the Board
30 August 2021

LEAF RESOURCES

SUSTAINABLE PRODUCTS FROM PLANT BIOMASS

ANNUAL REPORT

FINANCIAL YEAR 2021

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Chairman's Message

2020/2021 has been a breakthrough year for Leaf Resources.

The year started early in July 2020 with the announcement that the Company would acquire sustainable pine chemical company Essential Queensland Pty Ltd.

Since establishment, Essential Queensland has developed a proprietary process to extract rosin and terpenes from pine logs, that gives it a competitive advantage over other producers in terms of efficiency/cost of production, sustainability, and quality. These products are used in a multitude of consumer products for markets estimated to be approximately US$10 billion in 2018.

The shareholders of Leaf Resources voted overwhelmingly for the acquisition and the new Leaf Resources, with Essential Queensland as a 100% owned subsidiary, was returned to the ASX boards on December 21st, 2020. The company raised $3m and continued construction of the 8,000 tonne per annum pine chemical extraction plant.

The acquisition combined two highly compatible technologies that can produce sustainable & renewable products produced from woody biomass, with Essential Queensland's technology having potential near-term cash earnings and growth opportunities whilst Leaf's "Glycell" technology provides longer term opportunities.

Commissioning of the plant at the Apple Tree Creek site commenced in Feb/Mar 2021 and in June the first purchase order from Yasuhara Chemicals Co. Ltd was received following product sample testing and analysis.

Overall production results have been very positive, confirming expected extractive yields with high quality grade rosin and terpenes. Over the next few months' plant operations will be fine-tuned, and production will be increased to meet the Company's targeted 8,000 tonnes per annum of pine chemical production.

Leaf also decided to double operational capacity from 8,000tpa to 16,000tpa following the successful capital raising of $8m in July 2021. The Company also identified an opportunity to manufacture higher value wood pellets from the lower value wood chip already being produced. The increase in rosin and terpene production in combination with wood pelletisation are expected to increase annual revenue potential from $31.2m to $69.5m, operating at full capacity.

I would like to thank outgoing Leaf Directors, Matt Morgan, Alex Baker and Bill Baum for their efforts. Bill is still with Leaf in an advisory position and Alex has now accepted the position of Chief Technical Officer with the company.

We also welcomed new Directors in Ray Mountfort, Grant Yeatman and Terry Gray to the Leaf Board and look forward to the valuable contribution they will make moving forward. Doug Rathbone remained on the board and his extensive chemical manufacturing experience is invaluable.

To our management team of Ray Mountfort (MD), Grant Yeatman (COO), Drew Speedy (CFO) and our committed staff members thank you for your efforts in the last year. Building a first of its kind commercial plant, given the frustrations of Covid restrictions and supply timelines, has not been easy. The dedication and commitment shown over the last twelve months will stand us in good stead as we move forward in this next year, firstly to a cash breakeven situation and then to a cash flow positive position.

K Richards

Ken Richards
Chairman

Review of Operations

Essential Queensland Acquisition

As announced the Company completed the acquisition of Essential Queensland Pty Ltd (EQ) during the period (see Corporate update below for full details). EQ is synergistic with Leaf's current technology as EQ's extraction process removes chemicals from pine, with the resultant waste wood chip having the potential to become a new strategic biomass supply for Leaf's GlycellTM process. The GlycellTM process converts non-food plant biomass into lignin and industrial sugars that can be converted into useful, sustainable, renewable chemicals, biodegradable and recyclable biomaterials including bioplastics.

EQ was established in early 2017 to develop and commercialise sustainable extraction and processing technology to produce pine chemicals. Since establishment, EQ has developed a proprietary process to extract rosin and terpenes from pine logs, producing the high quality, clean rosin and terpenes which are used in a multitude of consumer products, including perfumes, cosmetics, food additives, adhesives, disinfectants, synthetic rubbers and printing inks.

In 2019, EQ commissioned a pilot plant and successfully tested pine chemical production at its Apple Tree Creek site in Isis Central, Queensland. In March 2020, after successful pilot plant trials, EQ began to dismantle the pilot plant to make way for a new commercial plant on the same site (Apple Tree Creek Plant).

EQ's technology uses a series of mature and proven technologies (chipping, extraction, steam distillation, and liquid-liquid separation) consistent with solvent extraction processes from plant material. EQ's point of difference lies in the use of a proprietary and innovative pine-based natural solvent to release rosin and terpenes from pine chips.

The process is supported by several different utilities (again proven and mature techniques), including a boiler, condensate recovery system, cooling tower, air compressor, and wastewater treatment system.

During the reporting period the Company was focused on the construction and commissioning of the Apple Tree Creek Plant.

Leaf's Apple Tree Creek Plant, July 2021

SUCCESSFUL STUMP TRIALS

During the period Leaf has carried out trials that have successfully confirmed the viability of pine stumps as a feedstock to Leaf's proprietary and patent pending pine chemical production process. Not only do pine stumps have +20% more pine chemicals in comparison to logs, but stump harvesting is also regenerative and encourages reforestation.

Prior to this groundbreaking work and analysis, stumps have typically been left in the ground as forest and timberland managers considered stumps a waste product due to the relatively high cost of removing them.

The strategic importance of harvesting stumps for forest managers is that it removes their largest cost as well as unlocking a new revenue stream. Indications are that stump harvesting in combination with Leaf's ESG focus is of high interest to forest managers.

By proving the viability of stumps as a feedstock for Leaf's process, and demonstrating an otherwise unavailable economic benefit to forest managers, Leaf has dramatically increased the availability of wood supply for its pine chemical process both locally and on a global basis. The techniques are readily transferable to different forests and different locations. The Company has shortlisted geographic expansion opportunities that continue to be assessed.

Corporate Update

Essential Queensland Acquisition

During the period Leaf completed the acquisition of Essential Queensland Pty Ltd (EQ). The transaction, which was approved by Leaf shareholders at the Extraordinary General Meeting held on 27 November 2020, completed on the 22nd December 2020 and resulted in the following:

- The consolidation of Leaf ordinary shares and options on a 17 for every 20 held basis.
- The issue of 1,017,258,367 ordinary shares to EQ shareholders on the cancellation of 30,826,001 existing EQ ordinary shares.
- The issue of 11,754,421 ordinary shares of Leaf in lieu of fees totalling $235,088 owing to officers of the Company as at 30 June 2020.
- The issue of 10,000,000 ordinary shares to Tegis Pty Ltd who acted as corporate advisor to the transaction.

- The issue of 34,455,861 share options and 33,000,000 performance rights in Leaf as consideration for the cancellation of 1,044,117 shares options and 1,000,000 performance rights issued by EQ.

As part of the transaction with EQ the Company also undertook a $3m capital raising to fund growth and re-compliance with chapters 1 & 2 of the listing rules. The capital raising was undertaken at $0.02 and resulted in the issue of 150,000,000 ordinary shares. The capital raising was strongly supported by a range of institutional and retail investors across Australia and New Zealand, representing both new and existing shareholders.

Altor Loan Facility

The Company entered into a $2m secured loan facility with Altor Capital during the period which enabled the Company to expand the front end wood handling and chipping capacity of the Apple Tree Creek Plant through the purchase of a Hammermill and a Vermeer HG6000 Chipper.

R&D Tax Incentive

Leaf and EQ received a combined $915,856 in respect to their entitlements under the R&D tax incentive program for the 2020 financial year. Part of these funds were used to settle the R&D financing loans both Leaf and EQ had received from Radium Capital.

The Company has completed its review of eligible R&D expenditure for the 2021 financial year and has included a receivable of $2.7m which will be used to repay the secured $1.3m R&D loan from Radium Capital and future working capital requirements.

July 2021 Capital Raising

During July 2021 the Company completed a placement for $8m through the issue of 80m new fully paid ordinary shares at an issue price of $0.10 per share. The placement was strongly supported by a range of new and existing institutional and sophisticated investors.

2021-22 look forward

Following completion of the successful placement raising $8m in July 2021 the Company has announced its plans to undertake the following key objectives:

Production expansion to 16,000 TPA

As a result of confirmed product quality and the resulting customer demand, Leaf plans to double production of its natural rosin and terpene products. The strong customer demand and successful stump trials have dramatically increased the availability of wood supply which is the critical factor in Leaf's decision to take this exciting step. The increase in production capacity of natural rosin and terpenes from 8,000tpa to 16,000tpa is expected to increase annual revenue potential from c.$30m to c.$60m (once operating at full capacity from natural pine chemicals not including wood pellets).

The Company has many expansion opportunities to increase production beyond 16,000tpa and each opportunity is being reviewed on its merits.

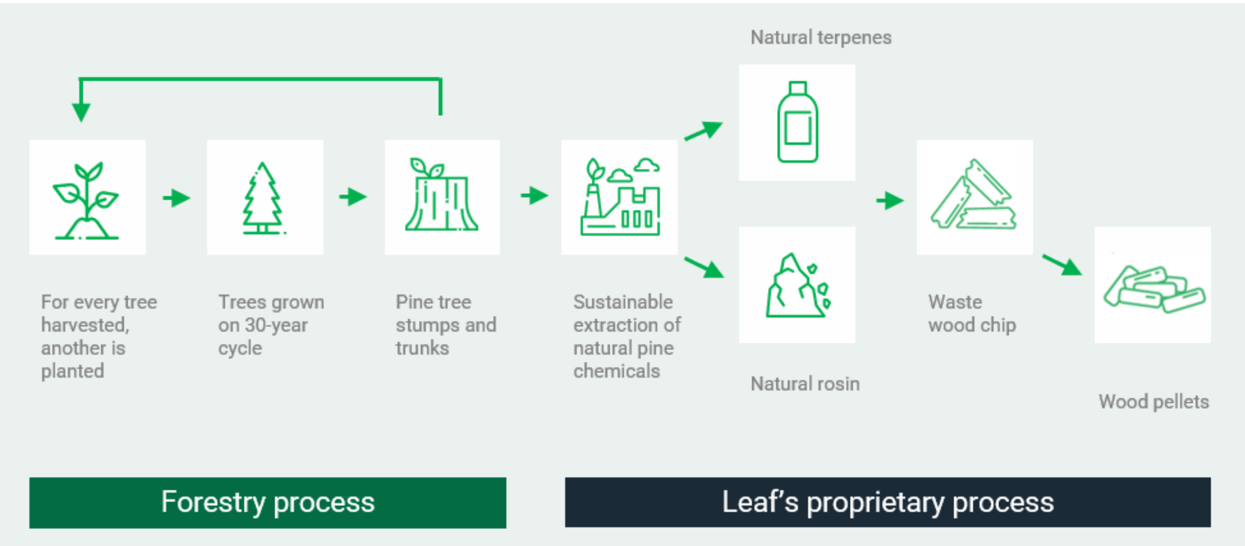
		Previous Capacity		Expanded Capacity	
Product	Revenue Per tonne AUD*	Operating capacity (Apple Tree Creek)	Revenue Potential	Operating capacity (Apple Tree Creek)	Revenue Potential
ROSINS	$3,345	6,800 tpa	$22.7m	13,600 tpa	**$45.5m**
TERPENES	$6,230	1,200 tpa	$7.5m	2,400 tpa	**$15.0m**
WOOD CHIPS	$36	27,500 tpa	$1.0m	0 tpa	**$0.0m**
WOOD PELLETS	$207	0	$0.0m	43,800 tpa	**$9.1m**
TOTAL			$31.2m		**$69.5m**

* Rosnet, spot prices July 2021 and assuming USD/AUD exchange rate of$0.74

Table 1: Annual revenue potential based on plant capacity

Wood Pellet Production

Leaf intends on fast-tracking the implementation and construction of two wood pellet production lines. Wood pellets are a natural progression for the Company as the feedstock for wood pellets comprises wood chips which are already being produced in large quantities, and will continue to grow with the doubled 16,000tpa capacity.



Wood pellet production is expected to increase the Company's future revenue by an additional $8.0m per annum at the new full production rate of 16,000tpa. Installed wood pelletisation equipment capex is estimated at $4m and pay-back is estimated at 6-months at full production.

Wood pellets (biomass) are a low-cost, low-carbon alternative to coal and are a renewable source of energy. Wood-based bioenergy is part of an all-in renewables strategy as explicitly recognised by the Intergovernmental Panel on Climate Change (IPCC) to reduce carbon emissions and limit dependence on fossil fuels. Wood pellets reduce toxic emissions compared to fossil fuels, such as coal, which release arsenic, carbon monoxide, sulphur and carbon dioxide when used for heat and energy.

This is consistent with the Company's environmental focus.

Rising awareness about renewable energy sources and reduction in greenhouse gas emission in power generation are anticipated to propel the power generation segment of the global wood pellet market in the short term. The wood pellet market is expected to increase at a robust CAGR of 11% p.a. between 2020 to 2030 (Transparency Market Research July 2021).

Directors' Report

The Directors' Report has been prepared on the basis of the legal entity (Leaf Resources Ltd) for the period 1 July 2020 to 30 June 2021.

KEN RICHARDS
Chairman

Ken Richards has more than 30 years' experience as a Chief Executive and Managing Director across both public and private companies in the agriculture, finance and technology sectors.

Throughout his executive career Ken has developed a strong track record for growing and transitioning start-up companies from concept phase through to commercialisation. Along the way he has completed corporate transactions including capital raisings, takeovers and asset sales well in excess of $200m.

Ken was previously the Managing Director of Leaf Resources Limited (ASX: LER).

Ken is a fellow of the Australian Institute of Company Directors, is a former board member of Golf Australia and was previously Deputy Chairman of Surf Life Saving (WA). He holds a Bachelor of Commerce and Master of Business Administration (MBA) degrees from the University of WA.

Chairman: Appointed 22 December 2020

Managing Director: Appointed 1 August 2011, resigned 1 July 2019

Executive Director: Appointed 31 August 2007, transitioned to Chairman 21 December 2020

Member of the Audit Committee: Appointed 28 January 2021

Other current listed directorships: None

Previous directorships of listed companies (last 3 years): Nil

Interests in shares, options and performance rights: 71,222,081 ordinary shares, 35,730,861 unlisted options

RAMON MOUNTFORT
Managing Director

For the last 20 years Mr Mountfort has primarily been involved in the Pine Chemicals Industry, working to establish his vision of sustainable natural hydrocarbon based chemical production.

Mr Mountfort has extensive worldwide networks of customers, pine chemicals producers and technical stakeholders in pine chemicals industry. A leader and visionary that has learnt how to take people on the journey and can demonstrate the courage, resilience and perseverance to always find a way to get the job defined and completed. For the last three years, Mr Mountfort has been developing Essential Queensland.

Managing Director: Appointed 22 December 2020

Other current listed directorships: None

Previous directorships of listed companies (last 3 years): Nil

Interests in shares, options and performance rights: 590,700,000 ordinary shares

GRANT YEATMAN

Executive Director

Mr Yeatman is a co-founder having been involved in EQ since starting in Australia, providing guidance on IP development, management and growth of the company. Grant brings extensive processing, management, marketing, supply chain & logistics as well as R & D experience from both this project and the US oil industry. Grant is still active in the management of investment funds and owns part of waste-water disposal companies in the USA. He holds an Honours Degree in Strategic Management and Marketing alongside his experience as an import/export customs broker.

Executive Director: Appointed 22 December 2020

Other current listed directorships: None

Previous directorships of listed companies (last 3 years): Nil

Interests in shares, options and performance rights: 58,162,500 ordinary shares, 16,500,000 performance rights

TERRY GRAY

Executive Director

Mr Gray is the principal of Tegis Pty Ltd offering investment management and corporate advisory services.

Mr Gray was a Non-Executive Director of Spirit Telecom Limited, an ASX listed telecommunications company from 2014 to 2020 and Chair of the Audit and Risk Committee during his tenor. Previous roles include Head of Equities at ANZ Funds Management, Chief Investment Officer at Allianz Equity Management, Head of Research at Allianz Dresdner Asset Management, Director of Corporate Finance at Grange Securities and Corporate Consultant nominated as a Responsible Manager for Lodge Partners stockbroking.

Mr Gray has deep knowledge of funds management and the Australian equity market providing expertise in company valuation, corporate financing and M&A activity.

Executive Director: Appointed 1 January 2021

Non-Executive Director: Appointed 22 December 2020

Member of the Audit Committee: Appointed 28 January 2021

Other current listed directorships: Nil

Previous directorships (last 3 years): Spirit Technology Solutions Ltd. (formerly Spirit Telecom Ltd) resigned July 2020

Interests in shares, options and performance rights: 23,505,357 ordinary shares, 16,500,000 performance rights

DOUGLAS RATHBONE

Non-Executive Director

Mr Rathbone has extensive experience in agriculture with broad knowledge across the whole sector from production to processing. He is a chemical engineer and commerce graduate and served as the Chief Executive Officer and Managing Director at Nufarm Limited from 1999 to 2015, and previously as Managing Director of Nufarm Australia Limited from 1982.

Doug joined the Board of Leaf Resources in 2016 and is currently the Chairman of Rathbone Wine Group, a Director of Cotton Seed Distributors, AgBiTech, Chia Seeds and Go Resources and a former member of Rabobank Advisory Board. He is a former Board member of the CSIRO. He has won a number of distinguished awards. These include a Centenary Medal in 2003, for outstanding service to science and technology, and the Rabobank Agribusiness Leader of the Year in 1999. He has also been listed several times in Engineers Australia top 100 most influential engineers and was awarded the Institute Engineers Australia 'Sheddon Pacific' medal for excellence in engineering. In 2016 Doug was named Queens Birthday honours and awarded a member of Australia.

Non-Executive Director: Appointed 1 November 2016

Chairman: Appointed 1 April 2018 and resigned 21 December 2020

Member of the Audit Committee: Appointed 1 November 2016

Other current listed directorships: CANN Group Limited

Previous directorships (last 3 years): None

Interests in shares, options and performance rights: 16,582,942 ordinary shares, 2,550,000 unlisted options

ALEX BAKER
Managing Director and Chief Executive Officer resigned 21 December 2020

MATTHEW MORGAN
Non-Executive Director resigned 21 December 2020

WILLIAM BAUM
Non-Executive Director resigned 21 December 2020

DREW SPEEDY
Company Secretary appointed 1 June 2020

Mr Speedy has held numerous finance roles within ASX listed companies over the past 19 years. Most recently he was CFO and Company Secretary of UIL Energy Ltd until its (Board Recommended) takeover by Strike Energy Ltd. Prior to that he was Financial Controller of Bow Energy Ltd until its sale to Arrow Energy and has held senior finance roles with other companies including Arrow Energy, Blue Energy and Queensland Gas Company during the company's market cap growth phase from $20 million to ~$2 billion.

Mr Speedy has extensive experience in company financial reporting, regulatory and governance areas, business acquisition and disposal due diligence and capital raisings.

Mr Speedy has a Bachelor of Business from the Queensland University of Technology. He is a member of the Certified Practicing Accountants and the Governance Institute of Australia.

TIM PRITCHARD
Company Secretary resigned 31 May 2020

Principal activities

During the year, the principal activities of entities within the Group were the completion of the acquisition of Essential Queensland Pty Ltd and the construction and commissioning of the Apple Tree Creek Plant with first sales achieved in June 2021. In addition, the Company has successfully undertaken stump trials during the period and commenced a process of identifying potential expansion opportunities. For further details of these activities refer to pages 3-6 of this annual report.

Operational and financial results

Information on the operations of the group and its business strategies and prospects is set out in the Chairman's report, review of operations and corporate update on pages 3-6 of this annual report.

The Group's operating loss for the year ended 30 June 2021 amounted to $9,074,136 (30 June 2020: $905,469 loss).

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year included the following:

- Acquisition of Essential Queensland Pty Ltd;
- Capital raising of $3m in conjunction with the transaction with Essential Queensland Pty Ltd;
- Construction, commissioning and production from the Apple Tree Creek Plant;
- Executing a secured loan facility for $2m with Altor Capital.

Events arising since the end of the reporting period

Since 30 June 2021 the following matters have arisen which may significantly affect the operations of the Group:

- On 15 July 2021, the Company announced the completion of a share placement raising $8m before costs through the issue of 80,000,000 ordinary shares at an issue price of $0.10. As part of the announcement the Company confirmed that it had successfully completed a trial to confirm the viability of pine stumps as a feedstock to the Company's proprietary and patent pending pine chemical production process.
- On 31 July 2021, 1,323,495 share options with an exercise price of $0.1618 expired.

Dividends

Since the end of the previous financial year no dividends have been paid or declared by the Group, and the directors of the Group recommend that no dividend be provided for the year ended 30 June 2021.

Environmental issues

The Group is not aware of any adverse environmental protection issues with any of its operations.

Directors' meetings

The number of meetings of the Company's Board of Directors and Audit and Risk Committee members held during the year ended 30 June 2021 and the number of meetings attended by each Director / member were:

DIRECTOR'S NAME	BOARD MEETINGS		AUDIT & RISK COMMITTEE	
	A	**B**	**A**	**B**
KEN RICHARDS	6	5[A]	1	-
DOUG RATHBONE	6	6	2	2
RAMON MOUNTFORT	4	4	N/A	N/A
GRANT YEATMAN	4	4	N/A	N/A
TERRY GRAY	4	4	1	1
MATT MORGAN	2	1	1	1
BILL BAUM	2	2	1	1
ALEX BAKER	2	2	1	1

Where: Column A is the number of meetings the Director was entitled to attend

Column B is the number of meetings the Director attended

A Ken Richards excluded himself from one meetings due to a potential conflict of interest.

Remuneration Report (audited)

The Directors of Leaf Resources Limited ('the Group') present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. The Remuneration Report has been prepared on the basis of the legal entity (Leaf Resources Ltd) for the period 1 July 2020 to 30 June 2021. The Key Management Personnel of Essential Queensland have been incorporated from 22 December 2020 following completion of the transaction.

The Remuneration Report is set out under the following main headings:
a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Bonuses included in remuneration
f. Other information

(a) Principles used to determine the nature and amount of remuneration

A distinction is made between the structure of remuneration for non-executive directors and executives. The objectives of the executive remuneration policy are:

- to motivate executive management to manage and lead the business successfully and to drive strong long-term organisational growth in line with the strategy and business objectives;
- to drive successful organisational performance by incorporating an annual performance incentive and establish longer-term performance objectives;
- to further drive longer-term organisational performance through an equity-based reward structure;
- to make sure that there is transparency and fairness in the executive remuneration policy and practices;
- to deliver a balanced solution addressing all elements of total pay – base pay, incentive pay (cash and shares) and other benefits;
- to make sure appropriate superannuation arrangements are in place for executives; and
- to contribute to appropriate attraction and retention strategies for executives.

The objectives of the non-executive director remuneration policy are:

- to attract and retain appropriately qualified and experienced directors;
- to remunerate directors fairly having regard to their responsibilities, including providing leadership and guidance to management; and
- to build sustainable shareholder value by encouraging a longer-term strategic perspective.

Executive remuneration packages

It is intended that base salaries take into account market relativities, having regard to the need for the Company to attract, motivate and retain executives. The Board decides the remuneration based on recent market conditions and executive's direct accountability and responsibility for the operational management, strategic direction and decision-making for the Company and demonstrated leadership. There is no guaranteed base pay increases included in any executive's contract and the payment of bonuses is reviewed by the Remuneration Committee for approval against performance criteria.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary or fees;
- short term incentives being performance based bonuses; and
- medium to long term incentives.

The Company has performance conditions linked to the executive's short term incentives and this involves the use of annual performance objectives, performance appraisals and an emphasis on the contribution to the team and values. The criteria are set annually after consultation with the Remuneration Committee and executives and are specifically tailored to the areas where each executive has a level of control and focus on where the board believe the greatest potential for expansion and execution of the business strategies. Given the stage of development of the company, the key performance indicators focus on non-financial measures and funding measures including strategic goals and technology development.

The Company has non-market based performance conditions linked to the executive's medium to long term incentives. Medium to long term incentives are paid through the Leaf Performance Rights Plan, the Employee Share Option Plan or other incentive schemes approved by the Board.

Non-executive director remuneration

On appointment to the board, all non-executive directors enter into an agreement with the company. This summarises the board policies and terms. Non-executive directors receive a fee of $60,000 per annum exclusive of superannuation. Fees are reviewed annually by the board. The board surveys comparable remuneration levels in the external market and makes sure that fees and payments paid reflect the demands that are made and the responsibilities of directors. No retirement benefits accrue, and the company does not pay directors additional fees for chairing board committees.

Shares granted

As a research and development phase company where significant revenues are yet to be generated and cash is restrained, the company seeks to preserve cash reserves through conservative expenditure patterns which may include issuing shares in lieu of fees and salaries.

Voting and comments made at the Company's 2020 Annual General Meeting

The company received 99.42% of "yes" votes on its remuneration report for the 2020 financial year. The company did not receive any specific feedback at the annual general meeting on its remuneration report.

Earnings per share

	2021	2020	2019	2018	2017
EPS (cents)	(0.72)	(0.29)	(2.34)	(2.01)	(4.32)
Dividends (cents/share)	-	-	-	-	-
Net profit/(loss) ($)	(9,074,136)	(949,976)	(6,778,388)	(4,385,972)	(7,219,515)
Share price ($)	0.11	0.02	0.03	0.08	0.11

(b) Details of the remuneration of key management personnel of the Group are set out in the following table

		Short term employee benefits		Post-employment benefits	Long Term	Termination benefits	Share based payment			Performance based percentage of remuneration
Employee	Year	Cash salary and fees	Cash bonus[D]	Super-annuation	Long service leave	Termination payments	Options	Performance Rights	Total	
Executive Director										
Ramon Mountfort[A]	**2021**	**161,526**	**-**	**15,345**	**-**	**-**	**-**	**-**	**176,871**	**0%**
Grant Yeatman[B]	**2021**	**107,684**	**-**	**10,230**	**-**	**-**	**-**	**27,800**	**145,714**	**19%**
Terence Gray[C]	**2021**	**91,613**	**-**	**3,003**	**-**	**-**	**-**	**27,800**	**122,416**	**23%**
Alex Baker[D]	**2021**	**95,161**	**-**	**9,040**	**-**	**-**	**4,015**	**-**	**108,217**	**4%**
	2020	228,186	-	21,678	-	-	12,111	-	261,975	5%
Non-Executive Directors										
Ken Richards	**2021**	**90,952**	**-**	**8,640**	**-**	**-**	**246,422[E]**	**-**	**346,015**	**71%**
	2020	30,441	-	2,892	-	-	10,528	-	43,861	24%
Doug Rathbone	**2021**	**81,375**	**-**	**6,306**	**-**	**-**	**-**	**-**	**87,681**	**0%**
	2020	84,706	-	4,627	-	-	-	-	89,333	0%
Matthew Morgan[F]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2020	33,333	-	-	-	-	-	-	33,333	0%
Bill Baum[G]	**2021**	**23,790**	**-**	**-**	**-**	**-**	**-**	**-**	**23,790**	**0%**
	2020	33,333	-	-	-	-	-	-	33,333	0%
Other Key Management Personnel										
Drew Speedy[H]	**2021**	**56,581**	**-**	**-**	**-**	**-**	**-**	**-**	**56,581**	**0%**
2021 Total		**708,682**	**-**	**52,565**	**-**	**-**	**250,438**	**55,600**	**1,067,284**	
2020 Total		409,999	-	29,197	-	-	22,639	-	461,835	

A. Mr Ramon Mountfort was appointed as Managing Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd.
B. Mr Grant Yeatman was appointed as Executive Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd.
C. Mr Terence Gray was appointed as Non-Executive Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd. On 1 January 2021 Mr Gray was appointed as Business Development Manager.
D. Mr Alex Baker resigned from his position as Managing Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd. Following his resignation Mr Baker continued as a member of the advisory committee however ceased to meet the criteria of a Key Management Personnel for reporting purposes.
E. Mr Ken Richards received options in Leaf Resources 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.
F. Mr Matthew Morgan resigned from his position as Non-Executive Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd.
G. Mr Bill Baum resigned from his position as Non-Executive Director on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd. Following his resignation Mr Baum continued as a member of the advisory committee however ceased to meet the criteria of a Key Management Personnel for reporting purposes.
H. Mr Drew Speedy was appointed as CFO on 22 December 2020 following completion of the acquisition of Essential Queensland Pty Ltd and Company Secretary from 1 June 2021.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	30 June 2021		30 June 2020	
	Fixed remuneration	At risk Short-Term Incentives (STI)	Fixed remuneration	At risk Short-Term Incentives (STI)
Executive Directors				
Ramon Mountfort	50%	50%	N/A	-
Grant Yeatman	100%	-	N/A	-
Terence Gray	100%	-	N/A	-
Alex Baker	100%	-	100%	-
Non Executive Directors				
Ken Richards	100%	-	100%	-
Doug Rathbone	100%	-	100%	-
Matt Morgan	100%	-	100%	-
Bill Baum	100%	-	100%	-
Other Key Management Personnel				
Drew Speedy	100%	-	N/A	

For each cash bonus included in the remuneration table, the percentage of the available bonus or grant that was paid, or that vested in the financial year, and the percentage that was forfeited because the service and performance criteria was not met is set out below. Short term incentive bonuses are paid in cash. No short-term incentive bonuses in respect of the 2021 financial year have been approved by the Board.

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2021	2020	2021	2020
R Mountfort	0%	N/A	100%	N/A

(c) Service agreements

Remuneration and other terms of employment for the Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration of Key Management Personnel (excluding Non-executive directors) are set out below:

Name	Base salary including superannuation*	Term of agreement	Notice period	Termination payments**
R Mountfort	328,500	No fixed term	Six months	Six months
G Yeatman	219,000	No fixed term	Six months	Six months
T Gray	120,000	12 Months	28 days	Nil
D Speedy	132,000	No fixed term	Three months	Three months

*Base salaries quoted are for the year ended 30 June 2021, they are reviewed annually by the board.

**Base salary payable if the company terminates in lieu of notice or for a period less than the notice period.

Share-based remuneration

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Value[B]	% Vested
Options					
23-Dec-2016	23-Dec-2016	23-Dec-2021	$0.171	$0.092	100%
14-Sep-2018[A]	14-Sep-2019	14-Sep-2023	$0.177	$0.020	100%
	14-Sep-2020	14-Sep-2023	$0.177	$0.020	100%
	14-Sep-2021	14-Sep-2023	$0.177	$0.020	0%
22-Dec-2020	22-Dec-2020	31-Oct-2021	$0.03	$0.0046	100%
22-Dec-2020	22-Dec-2020	1-Mar-2025	$0.023	$0.0108	100%
Rights					
22-Dec-2020[C]	22-Dec-2020	3-Aug-2023	Nil	$0.02	0%

A. Option grants with multiple vesting dates occurred over three tranches with 1/3 vesting 12 months from grant date, 1/3 vesting 24 months from the grant date and the balance 36 months from grant date.
B. Value per option or performance right at grant date.
C. Rights granted with non-market performance and retention conditions to be met by the expiry date.

All options and rights are over ordinary shares in the Company, which are exercisable on a one-for-one basis under the terms of the agreements. Options are granted under the employee share option plan and performance rights granted to the executive directors are under the Leaf Resources Limited Performance Rights Plan.

The non-executive directors' options have vested immediately and the executives' options will vest subject to continued employment until the end of the arranged vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at the exercise price for the respective option with the exercise period expiring five years after grant date. The options carry no dividends or voting rights and when exercisable, each option is convertible into one ordinary share. The options were provided at no cost to the recipient. All options expire on the earlier of their expiry date or termination of the individual's employment.

The executive directors' rights will vest on the satisfaction of non-market performance conditions and continued employment conditions. Upon vesting, each rights allows the holder to exercise into one ordinary share of the Company for no consideration prior to the expiry date. The rights carry no dividends or voting rights and when exercisable, each right is convertible into one ordinary share. The rights were provided at no cost to the recipient. All rights expire on the earlier of their expiry date or termination of the individual's employment.

Options and performance rights held by KMP at 30 June 2021

Name	Number Granted	Grant Date	Value[A]	Number Vested	Year May Vest
K Richards	850,000 options 425,000 options 9,705,861 options 24,750,000 options	14 Sep 2018[B] 14 Sep 2018[B] 22 Dec 2020[C] 22 Dec 2020[C]	$20,191 $10,095 $44,761 $267,408	850,000 Nil 9,705,861 24,750,000	Vested 14 Sep 2021 Vested Vested
G Yeatman	16,500,000 rights	22 Dec 2020[C]	$165,000	Nil	3 Aug 2023
T Gray	16,500,000 rights	22 Dec 2020[C]	$165,000	Nil	3 Aug 2023
D Rathbone	2,550,000 options	23 Dec 2016[D]	$235,526	2,550,000	Vested

A. The assessed fair value at grant date of options and LTI rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount recognised for the year ended 30 June 2021 is included in the remuneration tables above. Fair values of options at grant date are determined using The Hull-White or Black Scholes option pricing model that takes into account various input assumptions. Fair values of performance rights with non-market based performance conditions are valued based on the spot price at grant date and an assessment of the probability of non-market based vesting conditions being met are considered by the Board at each reporting date.
B. Options issued to K Richards and approved by shareholders at an extraordinary general meeting on 14 September 2018
C. Options and Performance Rights issued to Directors and approved by shareholders at an extraordinary general meeting on 27 November 2020. The performance rights are issued in three equal tranches of 5,500,000

performance rights with each tranche requiring an EBITDA of greater than $1m, $2m and $3m for a continuous period of 3 consecutive months in order to vest and an employment retention date of 3 August 2023.

D. Options issued to directors of the company and approved by shareholders at a general meeting on 15 December 2016.

(f) Details of movements in options and performance rights held by KMP

Movement during period					
	Balance 01-07-20[A]	Granted as Compensation	Number Exercised	Net Change Other	Balance 30-06-21
Year ended 30 June 2020					
Options					
K Richards	1,275,000	34,455,861	-	-	35,730,861
D Rathbone	2,550,000	-	-	-	2,550,000
M Morgan	680,000	-	-	(680,000)[B]	-
W Baum	680,000	-	-	(680,000)[B]	-
A Baker	2,125,000	-	-	(2,125,000)[B]	-
Sub-Total	**7,310,000**	**34,455,861**	**-**	**(3,485,000)**	**38,280,861**
Performance Rights					
K Richards	826,710	-	(826,710)	-	-
G Yeatman	-	16,500,000	-	-	16,500,000
T Gray	-	16,500,000	-	-	16,500,000
Sub-Total	**826,710**	**33,000,000**	**(826,710)**	**-**	**33,000,000**
Total	**8,136,710**	**67,455,861**	**(826,710)**	**(3,485,000)**	**71,280,861**

A. The opening balance as at 1 July 2020 reflects the 17:20 consolidation undertaken during the period as approved by shareholders at the Extraordinary General Meeting on 27 November 2020.

B. Represents options held at the time of resignation as a Director of the Company.

Number held at balance date					
	Balance 30-06-21	Total vested 30-06-21	Total Exercisable 30-06-21	Net change other or forfeited	Total Un-Exercisable 30-06-21
Year ended 30 June 2020					
Options					
K Richards	35,730,861	35,730,861	35,730,861	-	-
D Rathbone	2,550,000	2,550,000	2,550,000	-	-
Sub-Total	**38,280,861**	**38,280,861**	**38,280,861**	**-**	**-**
Performance Rights					
G Yeatman	16,500,000	-	-	-	16,500,000
T Gray	16,500,000	-	-	-	16,500,000
Sub-Total	**33,000,000**	**-**	**-**	**-**	**33,000,000**
Total	**71,280,861**	**38,280,861**	**38,280,861**	**-**	**33,000,000**

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2020 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

	Balance 30-06-20[A]	Shares issued in lieu of cash remuneration foregone[B]	Exercise of options / rights	Other Changes	Held at 30-06-21
K Richards	21,991,022	4,646,350	826,710[F]	43,757,999[C]	71,222,081
R Mountfort	-	-	-	590,700,000[D]	590,700,000
G Yeatman	-	-	-	58,162,500[D]	58,162,500
T Gray	-	-	-	23,505,357[D]	23,505,357
D Rathbone	12,481,091	4,101,850	-	-	16,582,942
M Morgan	1,915,237	458,350	-	(2,373,587)[E]	-
W Baum	-	1,041,650	-	(1,041,650)[E]	-
A Baker	3,351,586	1,506,200	-	(4,857,786)[E]	-
D Speedy	-	-	-	1,772,950[D]	1,772,950
Total	**39,738,936**	**11,754,400**	**826,710**	**709,625,783**	**761,945,830**

A. The opening balance as at 1 July 2020 reflects the 17:20 consolidation undertaken during the period as approved by shareholders at the Extraordinary General Meeting on 27 November 2020.

B. The issue of shares in lieu of cash remuneration accrued in a prior period as approved by shareholders at the Extraordinary General Meeting on 27 November 2020.
C. The issue of shares in relation to the acquisition of Essential Queensland Pty Ltd as approved by shareholders at the Extraordinary General Meeting on 27 November 2020.
D. Shares held on the initial appointment as a Key Management Personnel of the Company.
E. Represents shares held at the time of resignation as a Director of the Company.
F. The fair value of rights exercised by K Richards during the period was $16,534 at the time of exercising.

End of audited remuneration report.

Options and Rights

At the date of this report, the unissued ordinary shares of the Company are as follows.

Grant Date	Expiry Date	Exercise Price	Total
Share options			
23 December 2016	23 December 2021	$0.171	2,550,000
23 December 2016	23 December 2021	$0.259	1,700,000
16 June 2017	3 July 2022	$0.259	680,000
22 May 2018	19 March 2023	$0.177	283,334
22 May 2018	22 May 2023	$0.177	665,834
14 September 2018	14 September 2023	$0.177	1,275,000
20 December 2018	1 February 2024	$0.177	1,275,000
20 December 2018	1 February 2024	$0.294	850,002
22 December 2020	31 October 2021	$0.03	9,705,861
22 December 2020	1 March 2025	$0.023	24,750,000
29 April 2021	29 April 2024	$0.13	4,100,000
Total Share Options			**47,835,031**
Performance Rights			
1 July 2020	3 August 2023	$Nil	33,000,000
Total Performance Rights			**33,000,000**
Total			**80,835,031**

Indemnification of officers

During the financial year, Leaf Resources agreed to indemnify each director and secretary of the company and of its subsidiaries against any liability:

(a) to a party other than Leaf Resources or a related body corporate, but only to the extent that the liability arises out of conduct in good faith, and

(b) for legal costs incurred in connection with proceedings in respect of a liability incurred by them.

The amount payable under the agreement is the full amount of the liability. No liability has arisen under these indemnities as at the date of this report.

During the year, Leaf Resources paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors, executives, company secretary and officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policy are not disclosed as such disclosure is prohibited under the terms of the contract.

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

(a) All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

(b) The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out below.

	2021 $	2020 $
Audit and review of financial statements - Grant Thornton	**75,000**	**55,500**
Taxation compliance services – Grant Thornton	**36,000**	**6,000**
Total auditor's remuneration	**111,000**	**61,500**

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 20 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the Company

No person has applied to the Court under s237 of the *Corporations Act* 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Directors' authorisation

Signed in accordance with a resolution of the Directors.

Ken Richards

Chairman
Brisbane, Queensland, Australia
30 August 2021

Ramon Mountfort

Managing Director
Brisbane, Queensland, Australia
30 August 2021

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Auditor's Independence Declaration

To the Directors of Leaf Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Leaf Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M S Bell
Partner – Audit & Assurance

Brisbane, 30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue		44,275	17,741
Other income	7	3,020,194	716,917
Gain / (loss) on disposal of assets		65,100	(21,146)
Plant operating expenses		(863,403)	(397,580)
Depreciation expense	8	(341,462)	(166,722)
Employee and consultant expenses	8	(2,355,016)	(546,311)
Administrative expenses		(496,833)	(143,579)
Finance expense	8	(249,470)	(119,793)
Reverse acquisition – in process R&D expense **(provisional basis)**	5	(7,515,114)	-
Share based payments		(357,611)	(192,610)
Foreign currency gain / (loss)		(24,796)	(52,386)
Loss before income tax		**(9,074,136)**	**(905,469)**
Income tax expense		-	-
Loss for the year after income tax expense		**(9,074,136)**	**(905,469)**
Other comprehensive income for the year, net of tax		**-**	**-**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	-
Income tax on items that may be reclassified to profit or loss	9	-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**(9,074,136)**	**(905,469)**

Earnings per share from continuing operations			
Basic loss per share (cents)	12	(0.72)	(0.09)
Diluted loss per share (cents)	12	(0.72)	(0.09)

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 $	2020 $
Current Assets			
Cash and cash equivalents	13	742,600	1,390,260
Trade and other receivables	14	2,845,826	657,124
Inventories		111,587	-
Other current assets	15	91,943	66,082
Total Current Assets		**3,791,956**	**2,113,466**
Non-Current Assets			
Property, plant and equipment	16	7,128,045	2,498,086
Intangible assets – provisional basis	5	-	-
Other non-current assets	15	121,167	117,069
Total Non-Current Assets		**7,249,212**	**2,615,155**
Total Assets		**11,041,168**	**4,728,621**
Current Liabilities			
Trade and other payables	17	1,157,643	132,501
Borrowings	18	2,259,345	217,417
Lease Liability	19	171,326	176,051
Provisions	20	174,319	37,842
Total Current Liabilities		**3,762,633**	**563,811**
Non-Current Liabilities			
Borrowings	18	1,284,567	-
Lease Liability	19	1,466,462	1,473,989
Provisions	20	10,137	-
Total Non-Current Liabilities		**2,761,166**	**1,473,989**
Total Liabilities		**6,523,799**	**2,037,800**
Net Assets		**4,517,368**	**2,690,821**
Equity			
Issued capital	21	15,335,496	4,903,322
Reserves	22	536,119	67,610
Accumulated losses	23	(11,354,247)	(2,280,111)
Total Equity		**4,517,368**	**2,690,821**

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Total Equity $
Balance at 1 July 2019	**2,487,851**	**(1,374,641)**	**-**	**1,113,210**
Loss for the year ended 30 June 2020	-	(905,469)	-	(905,469)
Other comprehensive income	-		-	-
Total comprehensive loss for the year	-	**(905,469)**	**-**	**(905,469)**
Transactions with owners in their capacity as owners				
Shares issued	2,465,151	-	-	2,465,151
Share issue transactions costs	(49,680)	-	-	(49,680)
Share based payments	-	-	67,610	67,610
As at 30 June 2020	**4,903,322**	**(2,280,110)**	**67,610**	**2,690,822**
Balance at 1 July 2020	**4,903,322**	**(2,280,110)**	**67,610**	**2,690,822**
Loss for the year ended 30 June 2021	-	(9,074,136)	-	(9,074,136)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**(9,074,136)**	**-**	**(9,074,136)**
Transactions with owners in their capacity as owners				
Shares issued	10,682,975	-	-	10,682,975
Share issue transactions costs	(250,801)	-	-	(250,801)
Share based payments	-	-	468,509	468,509
As at 30 June 2021	**15,335,496**	**(11,354,246)**	**536,119**	**4,517,368**

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Operating activities			
Receipts from customers		24,007	28,837
Other Income		283,643	96,869
Payments to suppliers & employees		(3,320,222)	(1,198,840)
Interest received		421	1,964
Interest paid		(156,392)	(117,265)
R&D tax incentive refund		637,216	712,249
Net cash from operating activities	**24(b)**	**(2,531,327)**	**(476,186)**
Investing activities			
Purchase of property, plant and equipment		(4,707,800)	(452,757)
Proceeds from disposal of property, plant and equipment		486,000	54,545
Funds acquired on completion of transaction with Essential Queensland Pty Ltd		50,887	-
Net cash from investing activities		**(4,170,913)**	**(398,212)**
Financing activities			
Proceeds from issue of share capital		4,180,000	2,340,151
Share issue transaction costs		(349,517)	-
Proceeds from borrowings		3,600,118	217,417
Repayment of borrowings		(880,426)	-
Payment of principal portion of lease costs		(470,489)	(261,541)
Net cash from / (used in) financing activities		**6,079,686**	**2,296,027**
Net (decrease)/increase in cash and cash equivalents		(622,554)	1,421,630
Net foreign exchange difference		(25,106)	(52,386)
Cash and cash equivalents at the beginning of the financial year		1,390,260	21,017
Cash and cash equivalents at the end of the financial year	**24(a)**	**742,600**	**1,390,260**

Note: This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

Leaf Resources Limited and Subsidiaries' (the Group) principal activities include the commercialisation of the newly acquired natural pine chemical extraction process and its proprietary Glycell™ process and management of the Group's intellectual property and patent portfolio.

2. General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Leaf Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Leaf Resources Limited is the Group's Ultimate Parent Company. Leaf Resources Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 140 Wharf Street, Maryborough, Queensland 4650, Australia.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 27 August 2021.

3. Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

4. Changes in accounting policies

(a) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

5. Change in composition of the Group

Leaf Resources Ltd (the "Company") completed the acquisition of 100% of the ordinary shares of Essential Queensland Pty Ltd (Essential Queensland) (the "Transaction") during the reporting period. The Transaction has many of the features of a reverse acquisition under Australian Accounting Standards AASB 3 "Business Combinations", notwithstanding the Company being the legal parent of the Group. Consequently, the historical financial information presented in this report for the financial period ended 30 June 2021 is the historical financial information of Essential Queensland.

The acquisition of the Company by Essential Queensland is outside the scope of AASB 3 as the accounting acquiree does not constitute a business as defined by this standard. In this instance, the principles of reverse acquisition accounting are applied to determine the accounting acquirer but the transactions are accounted for as reverse acquisition expense by the accounting acquirer in accordance with AASB 2 "Share-based Payment".

The legal structure of the Group subsequent to the acquisition of Essential Queensland is that the Company is the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, the Company) obtain control of the acquiring entity (in this case, Essential Queensland) as a result of the transaction.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Essential Queensland), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

As per AASB 3 the Company has applied the provisional basis for accounting with regards to the accounting treatment of the reverse acquisition. The Company is currently in the process of reviewing the various components of the transaction as of the acquisition date in accordance with the standard. The key areas of focus relate to the intangible assets and equity interests acquired as a result of the transaction, the Company will look to undertake further work around these focus areas which may include an independent valuation of the In process Research and Development of the Glycell technology. The valuation will be reflected in future financial statements.

The below table outlines the initial recognition and fair value of the Leaf Resources group acquired under the reverse acquisition at 22 December 2020 which was the transaction completion date and date on which control of the Company was obtained by Essential Queensland.

		Initial Recognition 22 Dec 2020 $
Current Assets		
Cash and cash equivalents		50,887
Trade and other receivables		54,879
Total Current Assets		**105,766**
Non-Current Assets		
Property, plant and equipment		10,455
Intangible assets – In process Research and Development **(provisional basis)**	5 (a)	-
Total Non-Current Assets		**10,455**
Total Assets		**116,221**
Current Liabilities		
Trade and other payables		847,965
Borrowings – Essential Queensland		600,000
Provisions		147,150
Total Current Liabilities		**1,595,115**
Total Non-Current Liabilities		**-**
Total Liabilities		**1,595,115**

Net Liabilities		**(1,478,894)**
Deemed consideration		6,036,220
Reverse acquisition – In process R&D expense **(provisional basis)**	5(a)	7,515,114

5(a) The reverse acquisition – in process R&D expense has been provisionally calculated. The Directors believe that the in process research and development related to the Glycell™ technology acquired by Essential Queensland through the reverse acquisition of Leaf Resources has considerable value.

Given the transaction completed on 22 December 2020 and the Company has focused its efforts on the operations at the Apple Tree Creek Plant following the acquisition, the Company has not had sufficient time to estimate a reliable fair value at the time of reporting and on that basis no amount has been recognised for financial reporting purposes. A valuation may be obtained and will be used to finalise the provisional accounting and this will reduce the reverse acquisition – in process R&D expense to be reflected in the 31 December 2021 financial statements.

The consideration for the transaction was based on the price in the public offer of $0.02 per Leaf Resources ordinary share multiplied by the number of Leaf shares on issue at 21 December 2020 being 301,810,982, giving a total deemed consideration of $6,036,220.

There was no revenue generated by the acquiree for the period between the transaction completion date and the reporting period. The acquiree incurred a loss of $6,555,994 for the period between the transaction completion date and the reporting date.

Proforma revenue and loss for the combined entity for the current period as though the acquisition date for the business combination had occurred at the beginning of the current period would be: Revenue of $44,275 and a Loss of $10,074,161. The comparative information for the 30 June 2020 Financial Year presented in the consolidated financial statements is that of Essential Queensland Pty Ltd.

The total receivables of $54,879 included in the initial recognition predominately relate to GST refunds receivable from the Australian Taxation Office which have since been received in full.

5 (b) The consolidated financial statements of Leaf Resources Limited have been prepared as a continuation of the business and operations of Essential Queensland Pty Ltd.

The implications of the acquisition by Essential Queensland Pty Ltd on the financial statements are as follows:

(i) Statement of Comprehensive Income

- The twelve months to 30 June 2021 statement of comprehensive income comprises the full twelve months for Essential Queensland Pty Ltd and the period from 22 December 2020 to 30 June 2021 for Leaf Resources Limited.
- The twelve months to 30 June 2020 statement of comprehensive income comprises the full comparative period for Essential Queensland Pty Ltd only.

(ii) Statement of Financial Position

- The 30 June 2021 statement of financial position represents the combination of Essential Queensland Pty Ltd and Leaf Resources Limited.
- The 30 June 2020 statement of financial position represents Essential Queensland Pty Ltd only.

(iii) Statement of Changes in Equity

The twelve months to 30 June 2021 statement of changes in equity comprises:

- The equity balance of Essential Queensland Pty Ltd as at the beginning of the period (1 July 2020).
- The total comprehensive income for the period and transactions with equity holders, being the twelve months ended 30 June 2021 for Essential Queensland Pty Ltd and the period from 22 December 2020 to 30 June 2021 for Leaf Resources Limited
- The equity balance of the combined Essential Queensland Pty Ltd and Leaf Resources Limited at the end of the period (30 June 2021).
- The twelve months to 30 June 2020 comprises the full period for Essential Queensland Pty Ltd only.

(iv) Statement of Cashflows

The twelve months to 30 June 2021 statement of cashflows comprises:

- The cash balance of Essential Queensland Pty Ltd at the beginning of the period (1 July 2020).
- The transactions for the twelve months period to 30 June 2021 for Essential Queensland Pty Ltd and from 22 December 2020 to 30 June 2021 for Leaf Resources Limited.
- The cash balance of the combined Essential Queensland Pty Ltd and Leaf Resources Limited at the end of the period (30 June 2021).
- The twelve months to 30 June 2020 comprises the full period of Essential Queensland Pty Ltd only.

6. Summary of accounting policies

(a) Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

(b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All Australian subsidiaries have a reporting date of 30 June. Leaf Resources USA, LLC has a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. A list of controlled entities is contained in Note 29 to the financial statements.

(c) Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Joint Venture
The Group is engaged in a joint venture, Leaf Development, LLC with Claeris HoldCo, LLC.

Joint Operation
The Group's subsidiary, AQL Mining Pty Ltd has been conducting a joint operation, the Six Mile Creek Joint Venture joint operation. AQL Mining Pty Ltd holds leases over these mining tenements and holds a 50% ownership interest in the joint operation equally with the joint operation partner.

The joint operation mining has ceased and the process of restoring the land held under the mining leases by AQL Mining Pty Ltd has been substantially completed but not yet finalised.

(d) Foreign currency transactions and balances

Functional and presentation currency
The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Australian-Dollar ($AUD) are translated into $AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(e) Segment reporting
The Group has one operating segment: commercialisation of technology and development. Management has determined the operating segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The operating segment undertakes research, development and commercialisation of specific technologies (R&D).

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks with a maturity profile equal to or less than 3 months.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately.

(i) Income taxes

Leaf Resources Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax
Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(j) Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss.

The Group has applied the simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Government grant receivable for research and development tax incentive ("R&D") is recognised to the degree that the Group can reliably estimate that R&D expenditure for the full year will fall within the eligibility requirements.

(k) Payables
Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Financial instruments

Recognition, Initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial assets
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

AASB 9's impairment requirements use forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(m) Provisions
Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Costs of mining site restoration are provided over the life of the mining lease approval from when production commences and are included in the costs of production. Site restoration costs include rehabilitation of the ground site in accordance with clauses of the mining permits and are reviewed annually and any change is reflected in the present value of the provision. Such costs have been determined using estimates of future costs based on current legal requirements and technology.

(n) Earnings per share
Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue or rights issue that contains a bonus element.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue or rights issue that contains a bonus element.

(o) Revenue recognition and other income
The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting the terms and conditions.

During the Coronavirus ('COVID-19') pandemic, the Group has received the job keeper and cash flow boost stimulus support payments from the Australian Government. These have been recognised as other income in the financial statements.

(p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight-line basis to write-off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

	Method of depreciation	2021	2020
Plant and equipment	Straight line	3-15 years	3-15 years
Motor vehicles	Straight line	5-7 years	5-7 years
Property leases – right of use	Straight line	3-20 years	3-20 years

(q) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, bonuses, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

(r) Share based payments

The group operates equity-settled share-based payment employee share, performance rights and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price.

The fair value of options is ascertained using the Black Scholes method. This method models the probability of the market linked performance criteria being achieved and is used to determine fair value at grant date. The modelling incorporates relevant factors including but not limited to the volatility of the stock, the share price at grant date and the period in which the performance criteria can be achieved.

The fair value of performance rights with non-market based performance condition is based on the spot price of the Company's securities at the time of grant. The number of performance rights expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(s) Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The Group incurs expenditure on research and development and is eligible to receive a refundable tax offset under the Research and Development Tax Incentive. The expected refundable R&D Tax Incentive Offset is recognised as other income at the reporting date in relation to eligible R&D expenditure during that reporting period.

(t) Rounding of amounts
The Parent Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest dollar.

(u) Significant management judgement in applying accounting policies and estimates
The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment
The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

R&D Tax Incentive
Management, together with external consultants have determined that the Group expects to receive a R&D tax incentive refund of $2,698,639 which has been lodged in respect of eligible expenditure incurred during the current reporting period.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.
Refer to note 25 for further information.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Credit loss allowance for receivables
No allowance for credit loss has been made, management are not aware of any debt which it considers requires impairment.

Transaction with Essential Queensland Pty Ltd
As disclosed in Note 5, the transaction with Essential Queensland Pty Ltd is initially accounted for on a provisional basis. The fair value of assets acquired and liabilities assumed are initially estimated by taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the transaction is retrospective to the period the transaction occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(v) Comparatives
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(w) Leases
The Group leases operational sites, motor vehicles and plant and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

(x) Inventory
Inventories consist of raw materials which are stated at the lower of cost and net realisable value on an average cost basis.

7. Other income

	2021 $	2020 $
R&D tax incentive	2,698,639	637,216
Government stimulus	283,643	62,207
Interest income	26,727	1,964
Other	11,184	15,530
	3,020,193	**716,917**

8. Expenses

	Notes	2021 $	2020 $
Depreciation expense			
Depreciation of property, plant and equipment	16	265,548	105,385
Depreciation of right of use assets	16	75,914	61,337
		341,462	**166,722**

Employee and consultant expenses		
Salaries & wages	1,789,583	462,208
Superannuation	143,078	43,336
Consultant fees	422,355	40,767
	2,355,016	**546,311**

	Notes	2021 $	2020 $
Finance expenses			
Interest on borrowings		120,630	1,161
Interest on leases		108,842	114,229
Other finance expenses		19,998	4,403
		249,470	**119,793**

9. Income tax

Reconciliation between the income tax benefit and the expected tax expense (income) based on the Group's applicable income tax rate is as follows:

	Note	2021 $	2020 $
Loss before income tax		(9,074,137)	(905,469)
Income tax at 26% (2020: 27.5%)		(2,359,276)	(249,004)
Loss relating to foreign subsidiary		444	-
Expenditure not allowable for income tax purposes		2,026,163	(5,557)
Movements in deferred tax balance as a result of change in tax rate		228,706	-
Movement in unrecognised tax losses and temporary differences		(807,371)	42,843
Net expenditure incurred in relation to R&D tax incentive		911,334	211,718
Actual income tax benefit		-	-
Income tax refund comprises:			
Current tax expense (income)		-	-
Deferred tax expense (income)		-	-
Income tax benefit		**-**	**-**

Losses

At 30 June 2021, the Group has carry forward tax losses of approximately $28.3 million not brought to account (2020: $25.5 million). The deferred tax asset which may be derived from these tax losses, has not been carried forward as an asset in the balance sheet and will only be recognised if:

i. The Group derives assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
ii. the Group continues to comply with the conditions for deductibility imposed by law; an
iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Deferred income tax	2021 $	2020 $
Deferred tax assets		
-Provisions	81,750	10,006
-Share capital costs	118,161	-
-Patents	106,439	-
-Right of use leases	298,213	311,370
-Tax losses	6,975,309	97,030
Deferred tax liabilities		
-Property, plant and equipment	(1,781,713)	(470,067)
-Prepayments and other assets	(6,936)	(212)
Total net deferred tax asset / (liability)	**5,791,223**	**(51,873)**

The Group has not recognised the deferred income tax and deferred tax assets in the financial statements as it is not probable that sufficient taxable amounts will be available in future periods to offset the deferred tax assets.

10. Auditor remuneration

	2021 $	2020* $
Audit and review of financial statements	75,500	20,000
Taxation compliance services	36,000	-
Total auditor's remuneration	**111,500**	**20,000**

* The comparative auditor remuneration relates to fees paid to William Buck in relation to the audit of Essential Queensland Pty Ltd.

11. Remuneration of key management personnel

Key management personnel compensation:

	2021 $	2020* $
Short-term employee benefits	708,682	224,317
Post-employment benefits	52,565	17,254
Share based payments	306,037	192,610
	1,067,284	**434,181**

* The comparative remuneration relates to remuneration of Essential Queensland Pty Ltd key management personnel.

12. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Leaf Resources Limited for 30 June 2021 and Essential Queensland Pty Ltd for 30 June 2020) as the numerator.

Reconciliation of earnings used in calculating earnings per share	**2021** **$**	**2020** **$**
Loss attributable to the parent entity used in the calculation of basic and dilutive EPS	(9,074,136)	(905,469)
Loss attributable to the parent entity	(9,074,136)	(905,469)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,259,584,761	958,258,026
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	1,259,584,761	958,258,026

Calculation of dilutive EPS

As at 30 June 2021 there were:

- 48,025,192 unlisted options on issue which have vested; and
- 33,000,000 unlisted performance rights on issue which have not yet vested.

The 48,025,192 unlisted options that have vested were excluded from the calculation of diluted earnings per share due to the group being in a loss position.

As at 30 June 2020, there were 1,044,117 unlisted options on issue which had vested and were excluded from the calculation of diluted earnings per share due to the group being in a loss position.

13. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021 $	2020 $
Cash at bank and in hand		
Cash held in $AUD	733,491	849,094
Cash held in $USD (converted to $AUD)	9,004	541,166
Cash held in EURO (converted to $AUD)	105	-
Cash and cash equivalents	**742,600**	**1,390,260**

14. Trade and other receivables

	2021 $	2020 $
Trade receivables	35,200	2,096
Allowance for expected credit losses	-	-
Net trade receivables	**35,200**	**2,096**
R&D tax incentive receivable	2,698,639	637,216
GST receivable	111,987	17,812
Total Trade and other receivables	**2,845,826**	**657,124**

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade receivables past due at 30 June 2021

	Current	> 30 days	> 60 days	> 90 days
Trade receivables	$35,200	$nil	$nil	$nil

15. Other assets

Current	2021 $	2020 $
Prepayments	90,263	8,333
Deposits	1,680	-
Other current assets	-	57,749
Total current other assets	**91,943**	**66,082**

Non-current	2021 $	2020 $
Deposits	121,167	116,667
Other current assets	-	402
Total current other assets	**121,167**	**117,069**

16. Property, plant and equipment

Property, plant and equipment are included in the accounts, at cost, on the following basis:

	Plant & Equipment $	Motor Vehicles $	Property Leases – Right of use $	Total $
Cost	1,585,808	77,232	1,226,744	2,889,784
Accumulated depreciation	(191,739)	(31,282)	(168,677)	(391,698)
Closing balance at 30 June 2020	**1,394,069**	**45,950**	**1,058,067**	**2,498,086**
Cost	6,421,651	77,232	1,279,221	7,778,104
Accumulated depreciation	(358,884)	(46,583)	(244,591)	(650,059)
Closing balance at 30 June 2021	**6,062,767**	**30,649**	**1,034,629**	**7,128,045**

Movements in carrying amounts for each class of property, plant and equipment

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

	Plant & Equipment* $	Motor Vehicles $	Property Leases – Right of use $	Total $
Opening written down value 1 July	1,114,574	54,302	1,119,404	2,288,280
Additions	447,219	5,000	-	452,219
Disposals	(75,691)	-	-	(75,691)
Depreciation	(92,033)	(13,352)	(61,337)	(166,722)
Closing balance at 30 June 2020	**1,394,069**	**45,950**	**1,058,067**	**2,498,086**
Opening written down value 1 July	1,394,069	45,950	1,058,067	2,498,086
Additions	5,322,228	-	52,476	5,374,704
Additions as part of transaction with Essential Queensland	10,455	-	-	10,455
Disposals	(413,738)	-	-	(413,738)
Depreciation	(250,247)	(15,301)	(75,914)	(341,462)
Closing balance at 30 June 2021	**6,062,767**	**30,649**	**1,034,629**	**7,128,045**

* Plant and equipment are pledged as security under the Altor loan facility as detailed in Note 18.

17. Trade and other payables

Trade and other payables consist of the following:

	2021 $	2020 $
Trade payables	695,493	190
Accruals	462,150	116,446
Other payables	-	15,865
Total trade and other payables	**1,157,643**	**132,501**

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

18. Borrowings

Borrowings consists of the following:

Current	2021 $	2020 $
Jobrat Pty Ltd loan principal[(a)]	321,875	-
Radium R&D loan principal[(b)]	1,300,118	217,417
Altor loan principal[(c)]	563,665	-
Other loans	73,687	-
Current borrowings	**2,259,345**	**217,417**
Non-current		
Altor loan principal[(c)]	1,284,567	-
Non-current borrowings	**1,284,567**	**-**

(a) On 30 June 2021 the Company rolled an unsecured loan arrangement with Jobrat Pty Ltd. The key terms of the loan agreement are:
- Loan amount: $321,875
- Loan term: 30 September 2021
- Interest rate: 15% per annum accruing monthly
- Security: unsecured
- No equity conversion rights
- Repayable by the Company at any time (during the loan term)

(b) On 22 March 2021 the Company executed a loan agreement with Radium (Innovation Structured Finance Co.,LLC). The key terms of the loan agreement are:
- Loan amount: $1,300,118
- Loan term: the earlier of receipt by the Company of the 2021 Financial Year Research and Development refund or 31 December 2021
- Interest rate: 14% per annum accruing monthly
- Security: security interest over all of the present and future right, title and interest in the Research & Development Refund which the Company becomes entitled to receive and the proceeds of the Refund, and other of the Company assets necessary to enable the lender to obtain the benefit of the refund, free of any other interest or encumbrance.
- No equity conversion rights
- Repayable by the Company at any time (during the loan term)
- At 30 June 2021 there is a total of $48,053 accrued interest on the Radium R&D loan included in accruals.

(c) On 29 April 2021 the Company executed a loan facility agreement with Altor Capital. The key terms of the loan agreement are:
- Loan amount: $2,000,000
- Loan term: 29 April 2024
- Interest rate: 11% per annum
- Security: a general security charge over the assets of the Company
- No equity conversion rights
- Monthly repayments of Principal and Interest with the balance repayable by the Company at any time (during the loan term)
- As part of the transaction Altor Capital received 4,000,000 share options, see Note 25 for further details. The value of the share options has been included in the value of the financial liability above.
- At 30 June 2021 there is a total of $17,901 accrued interest on the Altor loan included in accruals.

19. Leases

The Company acts as a lessee and has lease contracts on operational sites, motor vehicles and plant and equipment used in its operations: Lease terms consist of:

- Operational site – Isis Central 17 years
- Corporate office – Maryborough 3 years
- Motor Vehicles 3 years
- Plant & equipment 1-5 years

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021 $	2020 $
Beginning of the period	1,650,040	1,902,160
Addition	439,510	-
Interest Expense	109,050	117,265
Payments	(560,811)	(369,385)
Closing Balance	**1,637,789**	**1,650,040**
Current	171,326	176,051
Non-Current	1,466,463	1,473,989
Closing Balance	**1,637,789**	**1,650,040**

20. Provisions

The liabilities recognised for provisions consist of the following:

Current	2021 $	2020 $
Employee leave entitlements(a)	124,319	37,842
Mining rehabilitation provisions(b)	50,000	-
Total current provisions	**174,319**	**37,842**
Non-Current		
Employee leave entitlements(c)	10,137	-
Total non-current provisions	**10,137**	**-**
Total provisions	**184,456**	**37,842**

(a) These liabilities represent the Group's obligations to its current employees that are expected to be settled within the 12 months after reporting date.

(b) Leaf Resources' subsidiary AQL Mining Pty Ltd is required to restore the mining leases held in Karratha, Western Australia, to the extent required by the mining approvals. A provision for rehabilitation has been recognised for the present value of the estimated expenditure required to restore the ground site on cessation of mining. Restoration of the mining leases is progressing, and the provision is still considered an accurate estimate of the remaining liability.

(c) These liabilities represent the Group's obligations to its current employees in relation to long service leave that are expected to be settled greater than 12 months after reporting date.

21. Issued capital

The current issued share capital of Leaf Resources Limited consists only of fully paid ordinary shares; the shares do not have a par value. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	2021 Number	2021 $	2020 Number	2020 $
Movements in ordinary share capital				
Balance at beginning of financial year	354,099,144	4,903,322	305,206,674	2,487,851
Shares issued (a)	-	1,180,000	-	-
Share consolidation 20:17 (b)(i)	(52,287,828)	-	-	-
Shares issued (b)(ii)	1,017,258,033	6,036,220	-	-
Shares issued (b)(iii)	11,754,400	235,088	-	-
Shares issued (b)(iv)	150,000,000	3,000,000	-	-
Shares issued (b)(v)	10,000,000	200,000	-	-
Shares issued (b)(vi)	1,583,333	31,667		
Issue of shares	-	-	45,051,266	2,340,151
Share based payments	-	-	3,841,204	125,000
Transaction costs	-	(250,801)	-	(49,680)
Total contributed equity	**1,492,407,082**	**15,335,496**	**354,099,144**	**4,903,322**

Notes for the above table, relating to the year ended 30 June 2021, are:

(a) On 31 July 2020, Essential Queensland successfully completed a placement raising $1,180,000 through the issue of 1,787,879 ordinary shares.

(b) On 22 December 2020, the Company successfully completed the transaction with Essential Queensland. The transaction included the following share issues:

- (i) Following completion of the transaction the shares in Leaf Resources were consolidated at a ratio of 17 for every 20 held.
- (ii) The issue of 1,017,258,033 ordinary shares with a value of $6,036,220 to acquire the Leaf Resources group as per the reverse acquisition treatment.
- (iii) Following shareholder approval at the Company's EGM held on 27 November 2020 the issue of 11,754,400 ordinary shares in lieu of fees totalling $235,088 owing to officers of the Company as at 30 June 2020.
- (iv) Following the successful capital raising attached to the transaction the issue of 150,000,000 ordinary shares raising $3,000,000 before transaction costs.
- (v) The issue of 10,000,000 ordinary shares to Tegis Pty Ltd who acted as corporate advisor to the transaction.
- (vi) The issue of 1,583,333 ordinary shares to Sequoia Corporate Finance who acted as corporate advisor to the transaction.

22. Reserves

	Note	2021 $	2020 $
Share based payments reserve			
Movements:			
Balance at beginning of the financial year		67,610	-
Share based payment expense		357,611	67,610
Share based payment capitalised transaction costs – Altor loan facility		110,898	-
Balance at the end of the financial year		**536,119**	**67,610**

The reserve records the value of equity benefits, i.e. share based payments, provided to employees and directors as part of their remuneration. Refer to Note 25 Share Based Payments for further details of these plans.

23. Accumulated losses

	2021 $	2020 $
Opening balance at the beginning of the financial year	(2,280,111)	(1,374,642)
Loss for the year	(9,074,136)	(905,469)
Closing balance at the end of the financial year	**(11,354,246)**	**(2,280,111)**

24. Notes to the statement of cash flows

a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flow is reconciled to the related item in the statement of financial position as follows:

	2021 $	2020 $
Cash and cash equivalents	**742,600**	**1,390,260**

b) Reconciliation of net loss for the period to cash flows provided by operating activities

	2021 $	2020 $
Net loss for the period	(9,074,136)	(905,469)
Adjustments for:		
Depreciation	341,462	166,722
Share based payments	363,884	192,160
Reverse acquisition transaction between Leaf Resources and Essential Queensland Pty Ltd	7,515,114	-
Disposal of property plant and equipment	(65,100)	21,146
Unrealised loss on foreign exchagne	-	52,386
Net changes in working capital:		
Change in trade and other receivables	(1,475,924)	76,237
Change in inventories	(53,971)	(18,831)
Change in trade and other payables	(82,656)	(60,537)
Net cash provided/(used) in operating activities	**(2,531,327)**	**(476,186)**

c) Non-cash investing and financing activities

Settlement of Director and supplier payments by options and performance rights issued are non-cash transactions excluded from the statement of cash flows. Refer to Note 25 below.

During the period the Company completed the transaction with Essential Queensland that resulted in the issue of ordinary shares which was a non-cash transaction, see Note 21 for further details.

25. Share based payments

During the year the Group undertook share-based payment arrangements for directors, employees and suppliers. All arrangements settled in equity are set out below.

As part of the transaction between the Company and Essential Queensland the Group undertook the cancellation of options and performance rights held by Essential Queensland Directors and in consideration issued options and rights reconstructed on a like for like basis. This was treated as a modification of share-based payments under AASB2. The Company also issued 4,000,000 options to Altor Capital in relation to the finance facility agreement detailed in Note 17 and 100,000 options to Agrimart SDN BHD.

	Director Options	Director Options	Director Performance Rights	Supplier options
Exercise Price	$0.03	$0.023	Nil	Nil
Expiry Date	31-Oct-21	1-Mar-25	3-Aug-23	29-Apr-24
Risk-free rate	0.25%	0.25%	0.25%	0.25%
Volatility	70%	70%	70%	75%
Value per option	$0.0046	$0.0108	$0.01	$0.028
Number of options/rights	9,705,861	24,750,000	33,000,000	4,100,000
Total value of options/rights	$44,761	$267,408	$330,000	$113,670*
Amount expensed in prior years	$5,446	$62,164	-	-
Amount expensed in current period	$39,315	$205,244	$106,489	$2,772
Amount to be expensed in future periods	-	-	$223,511	$110,897
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

* Of this amount $110,897 has been capitalised to the loan balance of the Altor loan facility and will be amortised over the loan period.

The fair value of the equity-settled share options and performance rights is estimated at the date of grant using an appropriate option pricing model taking into account the terms and conditions upon which the equity securities were granted and any non-market based performance conditions.

The fair value is recognised as an expense over the vesting period. In addition to the above, $3,790 of the value relating to equity securities granted in previous periods was expensed to the statement of comprehensive income during the period to 30 June 2021.

Share based payment expense

Total expenses arising from share-based payment transactions recognised during the period as part of total comprehensive income for the year were as follows:

	2021 $	2020 $
Shares issued to directors	-	125,000
Share options issued to directors	248,350	67,610
Performance rights issues to directors	106,489	-
Options issued to suppliers	2,772	-
Total share based payment expense	**357,611**	**192,610**

All transactions have been included in equity reserves during the period.

Outstanding performance rights

The outstanding balance of performance rights as at 30 June 2021 is represented below.

Grant Date	Expiry Date	Exercise Price	Performance rights 2021	Performance rights 2020
1 July 2020	3 August 2023	$Nil	33,000,000	-
Total			**33,000,000**	**-**

Option summary and weighted average exercise prices

Share options and weighted average exercise prices “WAEP” are as follows for the reporting periods presented:

	Number of options	WAEP $	Number of options	WAEP $
	2021	2021	2020	2020
Outstanding at the beginning of the year	1,044,117	0.89	-	-
Granted during the year	49,158,526	0.072	1,044,117	0.89
Expired during the year	-	-	-	-
Forfeited during the year	(1,044,117)	0.89	-	-
Outstanding at the end of the year	**49,158,526**	**0.072**	**1,044,117**	**0.89**

There were 1,133,334 options that were issued but not vested at 30 June 2021 (nil unvested at 30 June 2020).

Outstanding options

The outstanding balance of options as at 30 June 2021 is represented below.

Grant Date	Expiry Date	Exercise Price	Share options 2021	Share options 2020
1 August 2016	1 August 2021	$0.162	1,323,495	
23 December 2016	23 December 2021	$0.171	2,550,000	-
23 December 2016	23 December 2021	$0.259	1,700,000	-
16 June 2017	3 July 2022	$0.259	680,000	-
22 May 2018	19 March 2023	$0.177	283,334	-
22 May 2018	22 May 2023	$0.177	665,834	-
14 September 2018	14 September 2023	$0.177	1,275,000	-
20 December 2018	1 February 2024	$0.177	1,275,000	-
20 December 2018	1 February 2024	$0.294	850,002	-
22 December 2020	31 October 2021	$0.03	9,705,861	-
22 December 2020	1 March 2025	$0.023	24,750,000	-
29 April 2021	29 April 2024	$0.13	4,100,000	
17 February 2020	31 October 2021	$1.00	-	294,117
17 February 2020	1 March 2025	$0.85	-	750,000
Total			**49,158,526**	**1,044,117**
The weighted average remaining life of the options outstanding at year end.			2.41 years	3.73 years

Employee share option plan (ESOP)

A share option plan and performance rights plan has been established and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options and performance rights over ordinary shares in the company to eligible employees and consultants.

Options and rights may not be issued under the plans if the aggregate of the number of shares issued during the preceding five years under any company employee incentive scheme (including the company's existing option plan), disregarding excluded shares, and the number of shares which would be issued if each outstanding option issued under an plans were exercised, would exceed 5% of the total number of shares on issue at the time of the proposed offer.

26. Events subsequent to reporting date

Since 30 June 2021 the following matters have arisen which may significantly affect the operations of the Group:

- On 15 July 2021, the Company announced the completion of a share placement raising $8m before costs through the issue of 80,000,000 ordinary shares at an issue price of $0.10. As part of the announcement the Company confirmed that it had successfully completed a trial to confirm the viability of pine stumps as a feedstock to the Company's proprietary and patent pending pine chemical production process.

- On 31 July 2021, 1,323,495 share options with an exercise price of $0.1618 expired.

27. Related party transactions

Parent Entity

The Parent entity within the Group is Leaf Resources Limited. The Company is listed on the Australian Securities Exchange with no shareholders exerting significant influence, other than those that are also key management personnel.

Subsidiaries

Interests in subsidiaries are set out in subsidiaries Note 29.

Key Management Personnel

Disclosures relating to remuneration of key management personnel are set out in Note 11 and also further details are included in the Remuneration Report contained in the Directors' Report.

The Company has entered into the following agreements with Tegis Pty Ltd a company associated with Mr Terry Gray who is a Director of the Company:

- Corporate advisory mandate for the transaction with Essential Queensland Pty Ltd. Tegis received a monthly retainer amount $15,000 excluding GST from 1 October 2020 to 21 December 2020 and 10,000,000 shares at a deemed issue price of $0.02.
- Consultancy agreement for the provision of business advisory services from 1 January 2021. The contract is for an initial period of 12 months with a monthly fee of $10,000 excluding GST.

Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

28. Financial instruments

The Company's principal financial instruments comprise of lease liabilities, borrowings, receivables, payables, and cash and short-term deposits.

Primary responsibility for the identification and control of financial risks rests with Board. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Company manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a change in interest rate will affect future cash flows. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash investments. Surplus funds are invested in interest bearing deposits and are managed by the directors and monitored on a regular basis.

At reporting date the Company had the following exposure to variable interest rate risk

Financial assets	2021 $	2020 $
Cash at bank	742,600	1,390,260
Security deposits (bank guarantees)	100,000	100,000
	842,600	**1,490,260**

Borrowings disclosed at Note 18 have not been included in the above table as the applicable interest rates are fixed.

The following table summarises the impact of reasonably possible changes in interest rates for the Company at 30 June 2021. The sensitivity is based on the assumption that interest rate changes by 25 basis points (2020: 25 basis points) with all other variables held constant. The 25 basis points sensitivity is based on reasonably possible changes over the reporting period.

Impact on post tax profit and equity Higher / (lower)	2021 $	2020 $
25bp increase (2020: 25bp)	2,107	3,725
25bp decrease (2020: 25bp)	(2,107)	(3,725)

The analysis above excludes borrows and lease liabilities as both are contracted under fixed interest rates.

Foreign currency risk

The Company has foreign currency risk exposure on cash reserves and has transactional exposures arising from the payment of foreign currency invoices. The Company is exposed to movements in US dollar and Euro currency on cash reserves.

At the reporting date the Company had the following exposure to foreign currencies.

Financial assets	2021 $	2020 $
Cash and cash equivalents		
- USD	9,004	541,166
- Euro	105	-
	9,109	**541,166**

The following table summarises the impact of reasonably possible changes in foreign currency exchange rates for the Company at 30 June 2021 on recognised financial assets at the reporting date. The sensitivity is based on the assumption that the exchange rates change by increasing 10% or decreasing 10% with all other variables held constant. These 10% sensitivities are based on reasonably possible changes over the reporting period, using the observed range of actual historical rates for the preceding three year period. The analysis is performed on the same basis for the comparative period.

Impact on post tax profit and equity Higher / (lower)	2021 $	2020 $
- AUD/USD +10% (2020: +10%)	(819)	(49,197)
- AUD/USD -10% (2020: +10%)	1,000	60,130
- AUD/EUR +10% (2020: +10%)	(10)	-
- AUD/EUR -10% (2020: +10%)	12	-

Credit risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedure adopted by the Group is to assess the credit quality of the institution with which funds are deposited or invested, taking into account its financial position and past experiences. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to the Board.

	S&P Credit Rating	
	A1+	**Unrated**
Credit Quality of Financial Assets	**$**	**$**
30 June 2021		
Cash and cash equivalents	733,491	-
Receivables	-	2,845,826
Number of Counterparties	2	4
Largest counterparty (%)	80%	95%

	S&P Credit Rating	
	A1+	**Unrated**
Credit Quality of Financial Assets	**$**	**$**
30 June 2020		
Cash and cash equivalents	1,390,260	-
Receivables	-	657,124
Number of Counterparties	1	3
Largest counterparty (%)	100%	97%

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Company's liquidity needs can be met through a variety of sources, including: cash generated from operations, short and long term borrowings and issue of equity instruments.

Alternatives for sourcing the Company's future capital needs include current cash position, future operating cash flow, debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources.

The following table details the Company's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position.

	Less than 6 months	**6 months – 12 months**	**1-2 years**	**>2 years**
As at 30 June 2021	**$**	**$**	**$**	**$**
Trade and other payables	1,157,643	-	-	-
Lease Liabilities	134,110	134,647	250,292	1,979,688
Borrowings	2,088,545	392,865	785,729	720,252
	3,380,298	527,512	1,036,021	2,699,940

As at 30 June 2020	Less than 6 months $	6 months – 12 months $	1-2 years $	>2 years $
Trade and other payables	149,180	-	-	-
Lease Liabilities	170,316	174,071	258,076	2,294,540
Borrowings	15,691	-	-	-
	335,187	174,071	258,076	2,294,540

Capital risk management

When managing capital (being equity and long term debt) management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity reflecting the current business status of the entity.

Management constantly adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may return capital to shareholders, issue new shares or sell assets to reduce debt. The Company does not currently have a dividend policy.

The Company monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. Due to the nature of the operations of the Group and its financial position, Management does not have a target debt/equity ratio. Management prefers to maintain a flexible financing structure.

The Company is not subject to any externally imposed capital requirements.

29. Commitments and contingent liabilities

There were no commitments as at 30 June 2021.

Contingent Liabilities

The company has entered into a wood supply agreement with HQ plantations. Under the terms of the agreement the Company has the following contingent liabilities at 30 June 2021:

Bank Guarantee:

The Company has provided a bank guarantee in the amount of $100,000 in favour of HQ plantations as a cover of account for the payment of invoices under the supply agreement.

Take or Pay Provisions:

There are certain take or pay provisions under the wood supply agreement. The Company has a strong working relationship with HQ plantations and has recently re-negotiated its supply agreement to increase the supply arrangement to meet the feedstock requirements of the extraction plant, as part of those negotiations the historical take or pay obligations were relieved and offset against future take or pay volumes.

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy on consolidation. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent of the Group, and the proportion of ownership interests held equal the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name Unlisted:	Principal activities	Country of incorporation	Class of shares	Ownership interest	
				2021 %	2020 %[A]
Essential Queensland Pty Ltd	***Chemicals extractin***	***Australia***	Ord	100	-
AQL Mining Pty Ltd	***Mining of gravel and general fill***	***Australia***	Ord	100	100
Farmacule BioIndustries Pty Ltd	***Research & development***	***Australia***	Ord	100	100
Leaf Sciences Pty Ltd	***Intellectual property owner***	***Australia***	Ord	100	100
Leaf Research Pty Ltd	***Research & development***	***Australia***	Ord	100	100
Leaf Performance Plan Pty Ltd	***Trustee of employee share trust***	***Australia***	Ord	100	100
Leaf Resources USA, LLC	***Investor in Leaf Development, LLC***	***USA***	Ord	100	100
Equity accounted for investment					
Leaf Development LLC	***Investment Company***	***USA***	Ord	80	80
Leaf Malaysia OpCo Sdn. Bhd.	***Investment Company***	***Malaysia***	Ord	49	49

A. The comparative period ownership represents those of the legal parent entity being Leaf Resources Ltd.

Leaf Malaysia OpCo Sdn is owned 49% by Leaf Developments LLC. Group ownership of Leaf Malaysia equates to 39% based on Leaf Resources ownership in Leaf Developments LLC. Investments were impaired to Nil in the prior period and there have been no movements in the current period.

30. Parent entity financial information

Impairment testing
At each reporting date the parent assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Group estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An impairment loss of $127,079 was recognised by the parent entity in operating loss for the year ended 30 June 2021 to adjust for recoverability of loans to and investments in subsidiaries. This impairment loss reduced the carrying value of the line item investment in subsidiaries and loans to subsidiaries for the parent entity financial information but eliminates on consolidation.

Loan to Farmacule Bioindustries Pty Ltd – impairment $2,478
Loan to Leaf Sciences Pty Ltd – impairment $92,308
Loan to Leaf Research Pty Ltd – impairment $27,333
Loan to Leaf Malaysia OpCo Sdn. Bhd. – impairment $4,960

The parent entity does not have any guarantees held over debts of the subsidiaries, contingent liabilities or contractual commitments as at 30 June 2021.

The individual financial statements for the parent entity show the following aggregate amounts:

	Note	2021 $	2020 $
Financial Position			
Assets			
Current assets		2,970,334	2,113,467
Non-current assets		3,707,030	2,615,155
Total assets		**6,677,364**	**4,728,622**
Liabilities			
Current liabilities		2,589,648	563,811
Non-current liabilities		1,294,704	1,473,989
Total liabilities		**3,884,352**	**2,037,800**
Equity			
Issued capital		9,322,974	4,903,322
Share based payments reserve		468,509	67,610
Retained losses		(6,998,471)	(2,280,110)
Total equity		**2,793,012**	**2,690,822**
Financial Performance			
Loss before income tax		(6,998,417)	(905,469)
Income tax expense		-	
Total comprehensive loss for the year		**(6,998,417)**	**(905,469)**
33(i) Non-current assets			
Loans to subsidiaries		3,697,810	-
Investment in subsidiaries		130	-
Property, plant and equipment		9,090	2,498,086
		3,707,030	**2,498,086**

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Leaf Resources Limited, I state that:

1. In the opinion of the directors of Leaf Resources Limited:

(a) the consolidated financial statements and notes of Leaf Resources Limited are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) there are reasonable grounds to believe that Leaf Resources Limited will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer for the financial year ended 30 June 2021.

3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

This report is made in accordance with a resolution of the Board of Directors and is signed by authority for on behalf of the Directors.

Ken Richards
Chairman
Brisbane, Queensland, Australia
30 August 2021

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Independent Auditor's Report

To the Members of Leaf Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Leaf Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Transaction with Essential Queensland Pty Ltd- Note 5	
Leaf Resources Ltd completed the acquisition of 100% of the ordinary shares of Essential Queensland Pty Ltd during the reporting period. The transaction has many of the features of a reverse acquisition under Australian Accounting Standards AASB 3 *Business Combinations*. Management has determined that the transaction is outside the scope of AASB 3 as the accounting acquiree does not constitute a business as defined by this standard. In this instance, the principles of reverse acquisition accounting are applied to determine the accounting acquirer but the transactions are accounted for as reverse acquisition expense by the accounting acquirer in accordance with AASB 2 *Share-based Payment*. The process to determine the appropriate accounting treatment and related disclosures in the financial report involves significant technical complexity and management judgement. We therefore considered this to be a key audit matter.	Our procedures included, amongst others: • Reviewing the share sale agreement to identify the key terms of the transaction; • Reviewing management's position papers outlining the accounting treatment for the transaction under the relevant accounting standards; • Recalculating the deemed consideration with reference to the equity interests transferred; • Reviewing the fair value assigned to the net assets of Leaf Resources Limited assumed in the transaction; • Considering the valuation and accounting treatment of share based payments; • Considering the application of provisional accounting; and • Reviewing the impact of the transaction on the presentation and disclosure requirements in the financial report.
R&D Tax Incentive- Notes 6(s), 6(u), 7, 14	
Under the Research and Development (R&D) Tax Incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure. The Group has assessed these activities and related expenditure to determine their eligibility under the incentive scheme. The R&D Tax Incentive receivable recorded as at 30 June 2021 was $2,698,639 and the same amount was recognised as other income in the income statement for the period ended 30 June 2021. This is highly material to the financial report and the process to measure the incentive requires a degree of judgement and interpretation of R&D tax legislation by management, hence we considered this to be a key audit matter. Additionally the Group borrowed $1,300,118 from a third party which has been secured against the R&D Tax Incentive receivable.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of the process used to estimate the claim; • Evaluating the competence, capabilities and objectivity of management's expert; • Utilising an internal R&D tax specialist to review the expenditure methodology employed by management for consistency with the R&D tax incentive rules; • Considering the nature of the expenditure against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • Comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; • Reviewing the borrowing agreement to understand the terms of the advance on the R&D Tax Incentive from the third party and assessing the accounting treatment for appropriateness; • Inspecting copies of relevant correspondence with AusIndustry and the ATO related to historic claims; and • Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 18 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Leaf Resources Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M S Bell
Partner – Audit & Assurance

Brisbane, 30 August 2021

Shareholder Information

The ASX additional shareholder information set out below was applicable as at 24 August 2021.

1. Distribution of equity security holders:

Holding Distribution

	Equity security holders			
Range	**Ordinary Shares**	**% of Securities**	**Options**	**Performance Rights**
100,000 and over	523	98.03	15	2
50,001 to 100,000	209	1.07		
10,001 to 50,000	444	0.75		
5,001 to 10,000	205	0.10		
1,001 to 5,000	229	0.04		
1 to 1,000	440	0.01		
	2,050	**100%**	**15**	**2**

There are 644,250,184 ordinary shares that are subject to ASX escrow until 18 December 2022.

2. Quoted equity security holders:
The name of the twenty largest holders of quoted equity securities are listed below:

	Name	**Ordinary Shares Number**	**Ordinary Shares %Issued**
1	RAMON DUDLEY MOUNTFORT & SHIRLEY JOY MOUNTFORT	590,700,000	37.57%
2	GREGORY LLOYD SAMSON & ROSEMARIE ANNE SAMSON	53,625,000	3.41%
3	NATIONAL NOMINEES LIMITED	49,609,946	3.16%
4	ALTOR CAPITAL MANAGEMENT PTY LTD	45,000,000	2.86%
5	KELIRI PTY LTD	42,558,000	2.71%
6	MRPG INVESTMENTS (AUS) PTY LTD	38,775,000	2.47%
7	MR GRANT RICHARD LESLIE YEATMAN & MRS CARMEN RAE YEATMAN	35,250,000	2.24%
8	JOBRAT PTY LTD	25,000,008	1.59%
9	MR GRANT RICHARD LESLIE YEATMAN & MRS CARMEN RAE YEATMAN	22,912,500	1.46%
10	YEATMAN GLOBAL AUSTRALIA PTY LTD	20,000,000	1.27%
11	CITICORP NOMINEES PTY LIMITED	18,333,594	1.17%
12	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	16,692,301	1.06%
13	THE TRUST COMPANY (AUSTRALIA) LIMITED	16,190,295	1.03%
14	INVIA CUSTODIAN PTY LIMITED	15,904,616	1.01%
15	MR JOHN WILLIAM BUSBY	15,900,000	1.01%
16	KELIRI PTY LTD	15,669,167	1.00%
17	STEPHEN LESLIE WHITMORE & GAIL ADELE WHITMORE	15,262,500	0.97%
18	UBS NOMINEES PTY LTD	15,081,450	0.96%
19	NARRAWALLEE CAPITAL PTY LTD	15,000,000	0.95%
20	NETWEALTH INVESTMENTS LIMITED	12,679,554	0.81%

3. Unquoted equity securities – Options & Performance Rights

Expiry Date	Number on issue	Number of holders
Options		
Unlisted 31 October 2021	9,705,861	1
Unlisted 23 December 2021	4,250,000	4
Unlisted 3 July 2022	680,000	1
Unlisted 22 May 2023	665,834	3
Unlisted 14 September 2023	1,275,000	1
Unlisted 1 February 2024	2,125,002	2
Unlisted 23 December 2021	4,100,000	2
Unlisted 1 March 2025	24,750,000	1
Performance Rights		
Unlisted 3 August 2023	33,000,000	2

4. Substantial holders
The number of shares held by substantial shareholders with a holding greater than 5% is set out below:

Shareholder	Number of Ordinary Shares Held	Percentage
Ramon Mountfort & Shirley Mountfort ATF Mounties1 Family Trust	590,700,000	37.57%

5. Unmarketable Parcels
The number of shareholders holding less than a marketable parcel is 689.

6. Voting Rights
There are no restrictions on voting rights attached to the ordinary shares on issue. On a show of hands, every member present in person shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share held.

The options and performance rights have no voting rights.

7. ASX Re-instatement
For the period from ASX re-instatement on 22 December 2020 to 30 June 2021 the Company used the cash and assets of the Group in a way consistent with its business objectives.

8. Corporate Governance
The Company's Corporate Governance Statement can be found at:
https://leafresources.com.au/corporate-governance/

Corporate Directory

Board of Directors:	Ken Richards Ramon Mountfort Grant Yeatman Terry Gray Doug Rathbone
Company Secretary:	Drew Speedy
Managing Director:	Ramon Mountfort
Registered Office & Principle Place of Business:	140 Wharf Street Maryborough, Queensland, Australia 4650 Telephone: +61 (7) 3193 3000
Auditors:	Grant Thornton Audit Pty Ltd King George Central Level 18 145 Ann Street Brisbane, Queensland, Australia
Stock Exchange:	Leaf Resources Limited shares are listed on the Australian Securities Exchange (ASX)
Bankers:	National Australia Bank Brisbane City Business Bankers Level 22, 100 Creek Street Brisbane, Queensland, Australia 4000
Share Registry:	Link Market Services Limited Level 21, 10 Eagle St, Brisbane, QLD, Australia, 4000 Locked Bag A14 South Sydney, NSW, Australia 1235
Solicitors:	Steinepreis Paganin Level 4, 50 Market Street Melbourne, Victoria, Australia 3000
ASX Code:	LER
Website:	www.leafresources.com.au