

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Leaf Resources Limited ("Leaf") is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Leaf Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Leaf Resources Limited's Corporate Governance Statement (which can be found on the Company's website www.leafresources.com.au) is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 4th Edition". A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that, during the reporting period, with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX CGC Principle 1 **Lay solid foundations for management and oversight.**

Role of the Board

The Board of Directors is pivotal in the relationship between shareholders and management and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the chief executive officer / Managing Director;
- Ratifying the appointment and, where appropriate, removal of senior executives including the chief financial officer and the Group secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital

management and acquisitions and divestitures;

- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Plan which is available from the corporate governance section of Leaf's website.

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Written agreements are entered in to with directors and senior management clearly setting out their roles and responsibilities.

The company secretary works directly with the chair and the executive director on the functioning of all board and committee procedures.

Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

The Group has adopted a Diversity policy which is included in the Company's Corporate Governance Plan. Due to the size of the Board and Company's operations, the Board does not presently set measurable gender diversity objectives, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2021, the proportion of women in the whole organisation is as follows:

	Male	Female
Board Members	5	-
Officers	1	-
Employees	22	8

Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

No formal performance evaluation of the Managing Director or non-executive directors was undertaken during the year ended 30 June 2021.

ASX CGC Principle 2

Structure of the Board to be effective and add value

Nomination Committee

Recommendation 2.1 requires the Board to establish a nomination committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Plan which is available from the corporate governance section of the Group's website.

The Company is developing an appropriate board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the Directors' report.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors except for those listed below are considered independent therefore the Group does currently comply with Recommendation 2.4:

Name	Position	Reason for non-compliance
R. Mountfort	Managing Director	Director is engaged by the Company in an executive capacity
G. Yeatman	Executive Director/COO	Director is engaged by the Company in an executive capacity

Leaf considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Leaf due to their considerable industry and corporate experience. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
K. Richards	14 years
R. Mountfort	8 months
G. Yeatman	8 months
D. Rathbone	4 years 10 months
T. Gray	8 months

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

ASX CGC Principle 3 Instil a culture of acting lawfully, ethically and responsibly

The Group is committed to conducting all of its business activities fairly, honestly and with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Code of Conduct, whistleblower, anti-corruption and anti-bribery policy within its Corporate Governance Plan which is available from the corporate governance section of the Group's website.

ASX CGC Principle 4 Safeguard Integrity in Corporate Reporting

Audit Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 4.1 states that an audit committee should be structured so that it:

- i. consists only non-executive directors;
- ii. consists of a majority of independent directors;
- iii. is chaired by an independent chair, who is not the chair of the Board; and
- iv. has at least three members.

The members of the Audit & Risk Management Committee are Terry Gray, Doug Rathbone and Ken Richards. The Committee is chaired by independent director Terry Gray and all Directors are considered independent.

All members of the Audit & Risk Management Committee are considered financially literate in the context of the Company's affairs.

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
T.Gray	1	1
D. Rathbone	2	2
K. Richards	1	0
M. Morgan	1	1
B. Baum	1	1
A. Baker	1	1

The Audit Committee Charter is set out in the Company's Corporate Governance Plan which is available from the corporate governance section of the Group's website.

Certification of financial reports

The Managing Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditor is present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report. The Board ensures that management provide sufficient additional information to ensure the integrity of periodic corporate reports disclosed to the market and, if appropriate, certain declarations are provided by management regarding the underlying assumptions and procedures that have been implemented to ensure this integrity.

ASX CGC Principle 5 Make timely and balanced disclosure

The Group has adopted a continuous disclosure policy which is included in the Corporate Governance Plan that duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, operational updates and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Group's website.

The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

**ASX CGC Principle 6
Respect The Rights of Security Holders**

The Board of directors has adopted a shareholder communication strategy which is included in the Corporate Governance Plan which aims to promote and facilitate effective two-way communication with investors. Information is communicated to shareholders through the annual report, interim financial report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings, the AGM and Extraordinary General Meetings.

Information regarding the Group and its governance is available in the Corporate Governance Plan which can be found on the Group's website.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

**ASX CGC Principle 7
Recognise and manage risk**

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board.

Recommendation 7.1 states that an audit committee should be structured so that it:

- i. consists of a majority of independent directors;
- ii. is chaired by an independent chair, who is not the chair of the Board; and
- iii. has at least three members.

The members of the Audit & Risk Management Committee are Terry Gray, Doug Rathbone and Ken Richards. The Committee is chaired by independent director Terry Gray and all Directors are considered independent.

All members of the Audit & Risk Management Committee are considered to have sufficient technical, legal and industry experience in the context of the Company's affairs to properly assess the risks facing the Group.

The number of meetings of the Audit & Risk Management Committee held during the year and the number of meetings attended by each Director was as follows:

	Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended
T.Gray	1	1
D. Rathbone	2	2
K. Richards	1	0
M. Morgan	1	1
B. Baum	1	1
A. Baker	1	1

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Management Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Plan which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Directors' Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

**ASX CGC Principle 8
Remunerate fairly and responsibly**

Remuneration Committee

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.

The Company believes that given the size and nature of its operations, non-compliance by the Company with Recommendation 8.1 will not be detrimental to the Company.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive Directors' and officer's remuneration to the Group's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Leaf Resources Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Remuneration Committee and the Board, having regard to the overall performance of Leaf Resources Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Plan which is available from the corporate governance section of the Group's website.

Remuneration Policy

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

Non-Executive Director Remuneration

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Non-executive directors are remunerated by fees as determined by the Board. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company and are, subject to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy within the Corporate Governance Plan, however the policy does not include a prohibition on hedging, aimed at ensuring participants do not enter into arrangements which would have the effect of limiting their exposure to risk relating to an element of their remuneration.

Other Information

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's web site.