

LEED RESOURCES PLC UPDATE (“Leed”)

Leed is pleased to give a further update on the sale of the assets of Civex Group Holdings Pty Ltd (“Civex ”), in which Leed directly and indirectly (through its shareholding in Battalion International Limited) owns approximately 33% .

The assets of Civex were sold to a construction company called Meteor Stone Pty Ltd (“Meteor”) in early 2018. The sale was structured such that, in addition to royalties to be received from sales of panels, the trade debtors, tax refunds from research and development, and retentions were retained by Civex. As a result, whilst Leed has received payments totaling A\$332,000 so far in 2018, the final outcome will depend on the ability to recover the receivables highlighted above.

With regard to trade debtors, four companies owing monies to Civex are in liquidation which not only reflects the dire market conditions but also places significant doubts over the recoverability of debts due. Furthermore, there is an impact on some retentions which are very difficult to collect once any company ceases to operate. In the light of this and in the interest of prudence, your Board has made a full provision against all remaining receivables although efforts will continue to recover as much as possible.

At this stage, it is difficult to predict the timing and level of sales from the panels and hence what may be realised from royalties. Meteor have re-iterated that they remain positive on the potential for panels and will commence marketing of the panels at the appropriate time from a market perspective.

The net result is that whilst the disposal has resulted in a write down on the value in our balance sheet, the failure of so many competitors and customers of Civex over the past 18 months confirms that the decision to sell and recover some cash was the right one for shareholders. We remain focussed on delivering further realisations from the transaction and will also remain in touch with Meteor when they commence marketing of the panels.

As already advised, Leed has made an initial investment of A\$50,000 in an innovative construction technology company based in Perth, Western Australia called NXT TEC. Ltd (www.nxttecltd.com). This first tranche of funding will secure Leed the right, but not an obligation, to participate in a further round of funding.

Commenting on the sale and investment, Ian Gibbs, Chairman of Leed, said: “Clearly the investment in limestone business has not been a successful one for Leed. However in early 2016, Leed and 2 other shareholders decided to avoid the immediate closure of the business by provide A\$250,000 each in further capital. The proceeds already received from the divestment exceed this amount and therefore support the decision to try and turn the business around. However this did not prove possible and at least the decision to sell out has been further supported by the number of businesses closing in the months since Civex completed the transaction.

On a much more positive note, the investment in NXT provides Leed with a position in a company that has considerable future potential. We expect to be able to provide more details on NXT in the near future as it moves forward with its initial projects and financing plans.”

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