

Confidential Investor Presentation

WESTERN AUSTRALIAN LIMESTONE QUARRY AND BUILDING PRODUCTS BUSINESS

January 2015

LEED
RESOURCES PLC

Cultural
Limestone

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Overview

Transaction

- Leed investment in Battalion International controlling shareholder of High Mannor (trading as Cultural Limestone – Western Australian limestone quarry and building products business)
- A\$1.2m (approximately £650,000) convertible note with initial 12% per annum interest rate, rising to 14% after 2 years if not converted
- Investment is part of a A\$3.25m financing being supported by the major existing investors in the business
- Convertible note is a senior ranking obligation and amortises over 4 years
- Conversion into equity at an effective valuation of 1.4x forecast base case 2015 EBITDA compared to building materials sector trading at 9-12x EBITDA
- As previously announced, Leed has retained the services of PGMM as technical and commercial adviser in relation to natural resource related projects. PGMM was engaged to identify and structure the transaction and will continue to advise the Board moving forward, as well as actively providing management services to High Mannor (Cultural Limestone)

Rationale

- Attractive opportunity in a cashflow generating business with attractive quarterly interest income
- Low risk investment as Leed is a secured creditor and can fully assess value proposition before conversion decision
- Ability to benefit in upside secured through conversion structure and Leed will have an active role in the business through PGMM ongoing involvement
- Cultural Limestone has potential for significant and near term profitable growth which would provide its shareholders with strong dividend streams

Post investment, Leed retains a cash balance of approximately £750,000 and continues to seek further attractive investment opportunities, including potential further investments in Cultural Limestone

Cultural Limestone

Business Overview

- Second largest manufacturer and layer of reconstituted limestone blocks and wall panels in Western Australia
- Reconstituted limestone blocks and wall panels are used as retaining walls. The standard sized individual block is 1,000mm x 350mm x 350mm in dimension and weighs approximately 230kg – wall panels are on average 40 times larger
- Only major integrated operator with limestone quarry and production facilities located in Yanchep, north of metropolitan Perth
- Cultural Limestone transports reconstituted limestone blocks and wall panels to building sites, and provides its customers with a finished reconstituted limestone retaining wall on site
- Commencing the introduction of second generation wall panels to the market is the current focus of the business
- Customers include master-contractors undertaking residential land development on behalf of major national land developers

Reconstituted Limestone Retaining Wall



Retaining Wall Laying



Standard Reconstituted Limestone Blocks

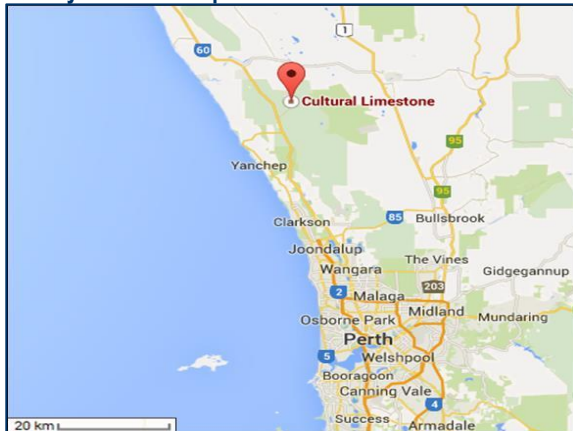


Cultural Limestone

Quarry & Limestone Resource

- Lease agreement from the Water & Rivers Commission allows for exclusive quarrying rights
- Quarry site contains the open pit limestone quarry as well as the block making production facilities
- Limestone is mined, crushed, screened and then mixed with cement to produce the aggregate used in the production of individual blocks and wall panels
- Estimated 2m tonnes of limestone is available to be mined - sufficient to support operations for approximately 6 years - additional limestone quarries available to provide required ongoing resource through acquisition or partnership
- Current monthly target production is 45,000 to 55,000 individual blocks with potential for an additional 90,000 equivalent individual blocks per month as wall panel production is developed

Quarry Location Map



Aerial View of Quarry Site



Limestone Crushing at Quarry



Wall Panels

Overview

- Production and laying of reconstituted limestone blocks has become a low margin business, largely due to high block laying labour costs
- To reduce labour costs Cultural Limestone has spent the past 2-3 years developing and patenting its own wall panels
- Wall panels are large reconstituted limestone blocks averaging 40 equivalent standard individual blocks
- First generation wall panels have been successfully installed in projects during 2014
- Key existing customers have approved wall panels for use in their projects
- Second generation wall panels expected to supplant a substantial amount of the individual block work
- Order placed for 40 second generation moulds and 80 bases with the first moulds due to be delivered in the next few weeks

Second Generation Wall Panel



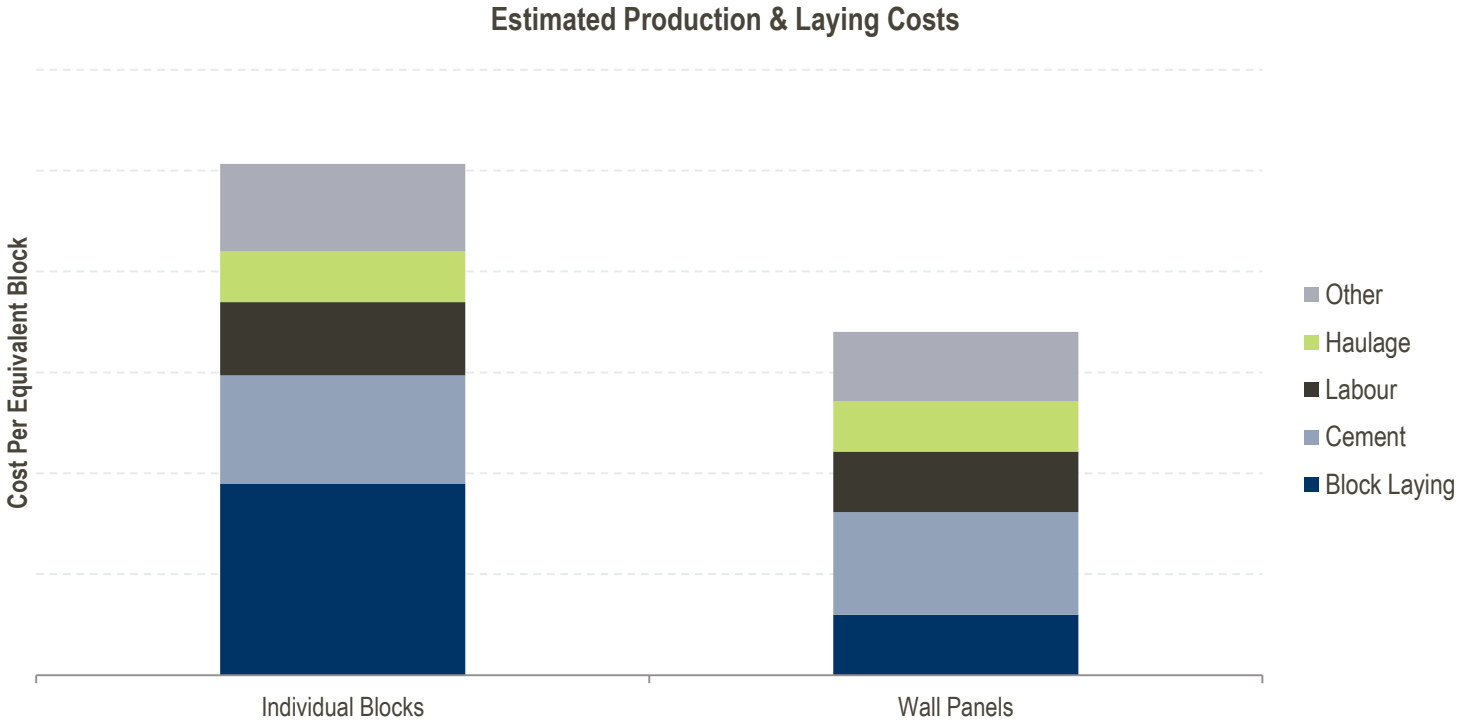
Wall Panel Installation



Wall Panels

Operating Cost Analysis

- The cost of producing and transporting individual blocks and wall panels is similar .
- The major cost difference between individual blocks and wall panels lies in the cost of laying the blocks.
- The relative cost components for individual blocks and wall panels are shown below



Business Initiatives

	Planned Business Initiative Summary
Geographical Diversification	<ul style="list-style-type: none">▪ Current quarry is located on the northern fringes of the Perth metropolitan area▪ Acquisition of, or an alliance with, other quarries where appropriate to reduce haulage costs and to increase the haulage capacity▪ Will also provide a longer term source of future limestone resource
Product Diversification	<ul style="list-style-type: none">▪ As bulk retaining wall work will be serviced by wall panels there is less need for standard individual blocks, so a planned increase concentration on more profitable smaller blocks.
Maximise Quarry Production	<ul style="list-style-type: none">▪ Due to high demand some blocks are currently sourced externally▪ New mining equipment and practices (appointment of experienced senior manager with proven, resources experience) are increasing production, thereby reducing the need to purchase blocks from other quarries
Cement Supply	<ul style="list-style-type: none">▪ Cement is a significant cost item▪ Potential to pursue direct importation of cement from Asia to reduce costs substantially

Market Outlook

Demand Factors

- Reconstituted limestone retaining wall demand is largely a factor of residential development activity

Positive Demand Factors

- Interest Rates - Expected to remain low
- Population Growth – Perth’s population estimated to near double by 2030, approximately one million additional inhabitants
- Household Wealth - Rose significantly during 2014 due to rising housing values and share prices
- Housing Finance Applications - Remains strong with a direct impact on dwelling starts and completions well into 2015
- National Building Approvals - At a 30 year high for 2014
- Residential Dwelling Starts – Continued growth and forecast to increase in 2015
- Foreign Investment Growth - Residential real estate demand from foreign investors remains high, supported by the lower AUD

Moderating Demand Factors

- Wages Growth - Subdued, placing pressure on housing affordability
- Unemployment Rate - Expected to rise but participation remains at high levels
- First Home Buyer Rates - Likely to remain at low levels due to affordability constraints and the previous ‘pull forward’ of first home buyer demand related to the first home buyer grant
- Terms of Trade - Falling, reducing the government’s ability to generate and spend taxation revenue
- Affordability - A concern across a range of indicators

Competitive Position

- Approximately a dozen competing companies in Western Australia. Cultural Limestone and some smaller competitors have their own quarries, others solely purchase blocks from third party quarries
- Cultural Limestone is the second largest layer of reconstituted limestone walls with recent monthly sales revenue of between A\$1,200,000 – 1,500,000 .- estimated current monthly industry estimated between A\$7,000,000 – A\$10,000,000
- Cultural Limestone currently produces approximately 50,0000 individual blocks per month out of an estimated 315,000 per month industry total
- Cultural Limestone has spent 3 years developing wall panels and received strong market endorsements from its key customers
- Barriers to entry exist will reduce risk of other parties being able to develop their own wall panels and Cultural Limestone have secured patents to protect their own panels from being duplicated
- Following the introduction of the second generation wall panels during the first half of 2015, the Cultural Limestone market share is expected to increase substantially

Human Resources

Senior Management & Board

- Senior Management
 - Tim Robins – Executive Director and CFO (Battalion International nominee)
 - Michael Murphy – Head of Quarry and Tendering
 - Peter Lowenhoff – Projects Director (also handles claims and tendering liaison)
 - Sarbajit Mondal – Financial Controller
 - Joe Murphy – Head of Block Making
 - Battalion International Team – Providing support in the areas of corporate, legal and HR

- Cultural Limestone Board
 - Cultural Limestone board comprises Tony Cammarano, Tim Robins and Melanie Murphy

- Cultural Limestone directly employs 33 salaried staff
- PGMM to provide ongoing monitoring and review of the Cultural Limestone business to assess a preferred course of action. High Mannor/ Cultural Limestone management are engaging with PGMM to take advantage of latter's management expertise

Recent Corporate Developments

Change in management and majority control

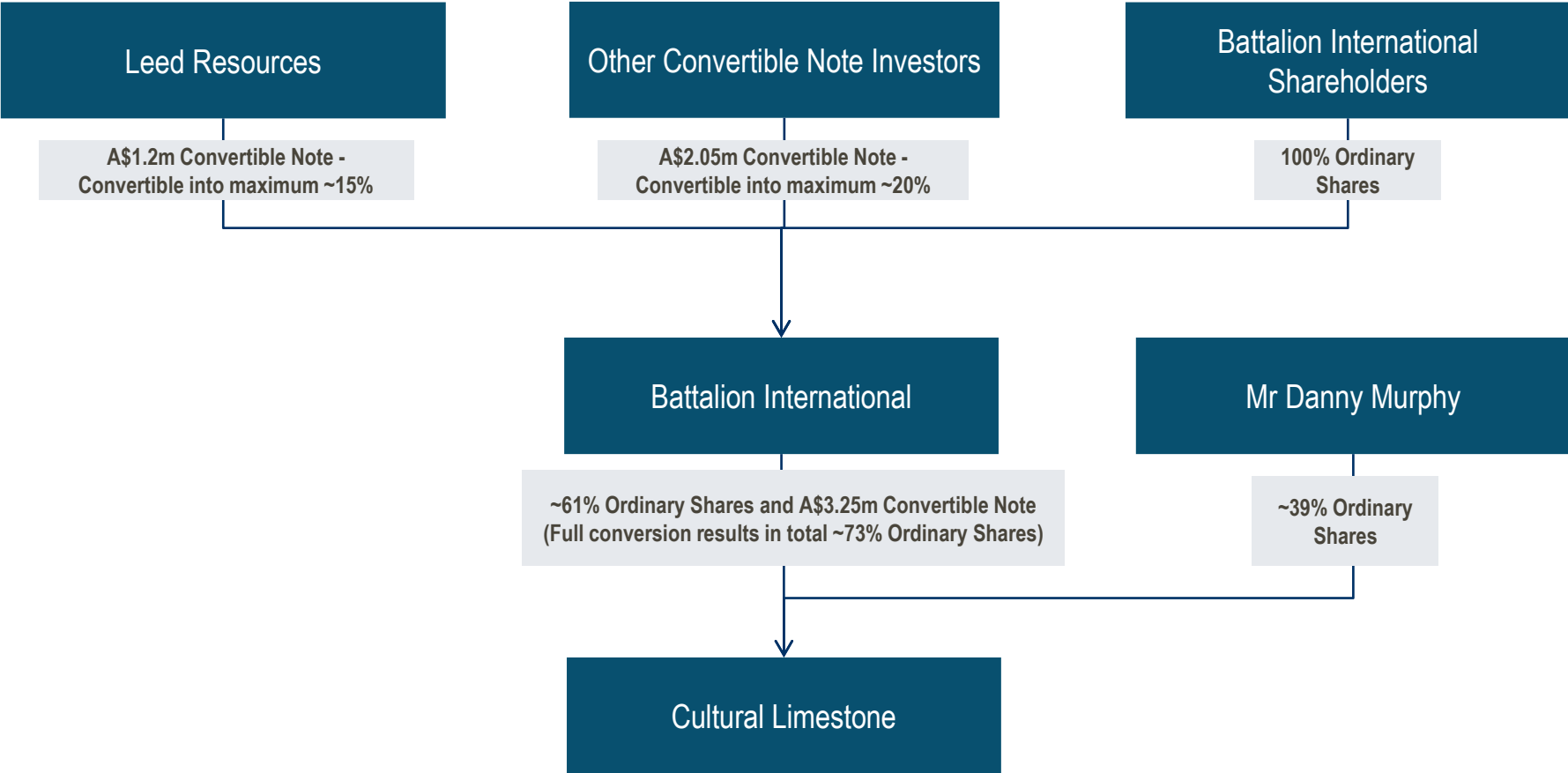
- In April 2014, Battalion assumed management control of the business and appointed the Managing Director
- Completion of a purchase of 13% in High Mannor Pty Limited (the company operating under the brand name “Cultural Limestone”) in July 2014 resulted in Battalion increasing its ownership position to 51%
- Subsequent to July, another High Mannor shareholder has converted his shareholding into a shareholding in Battalion such that Battalion currently owns 61% of High Mannor
- Battalion is a special purpose vehicle set up to hold the ownership position in High Mannor and the other shareholder (Mr Danny Murphy) is the original sponsor of the business

Impact of changes

- The active involvement of Battalion has already resulted in considerable improvements in the performance of Cultural Limestone through a combination of operational efficiencies and improved working capital management.
- To date, the focused has been on maximising the value from the existing business of wall blocks prior to the implementation of the wall panels in 2015. The introduction of the wall panels is seen as crucial to growing the business’s profitability exponentially
- The A\$3.25m financing will enable the company to build on the recent performance and focus on the implementation of the second generation wall panels during 2015

Corporate Structure

Post-Convertible Note Issue and Pre-Conversion



Use of Proceeds

- Cultural Limestone management estimated that there was a requirement for a minimum of A\$2,650,000 and up to a maximum of A\$3,250,000 of capital required in the near term to effect the introduction of the second generation wall panels, to refinance a number of secured loans and to provide for general working capital purposes
- The strong support from existing Battalion shareholders, together with Leed, has ensured that the company has secured the full A\$3,250,000 funding which places it in a strong financial position to implement the business plan
- The main use of proceeds from the capital raising are summarized below

Amount	Description
\$530,000	Acquisition and importation of the second generation moulds
\$320,000	Additional capex to improve the panel production system and general efficiencies at the quarry
\$590,000	Repay debt owed to creditors of Mr Murphy previously assumed by High Mannor, to remove secured charges over the company's assets
\$500,000	Repay debt owed to Mr.Tony Cammarano (who is reinvesting these proceeds in the convertible note)
\$700,000 to \$1,300,000	Pay down the company's receivables financing facility and general working capital
\$2,650,000 to \$3,250,000	TOTAL

Recent Financial Performance and 2015 Forecast

Financial and Production Forecasts

- The financial and operational performance of Cultural Limestone has improved since Battalion assumed management control in April 2014
- In November 2014, revenues exceeded A\$1.5m generating a gross profit of A\$340k, which is almost double the average monthly revenue in the first quarter of 2014 and a five times increase in the average gross profit during that period
- The additional capital from the financing will allow it to move away from the individual block business, and focus on achieving consistent production and installation of wall panels which will provide for continued improvements in performance in 2015

Forecast Base & Low Case For 2015

		2015 Low	2015 Base
Monthly production	(Eqv. B)	72,000	93,000
- Wall panel production	(Eqv. B)	36,000	62,000
- Block production	(Blocks)	36,000	31,000
Revenue	(A\$m)	22.5	25.3
EBITDA	(A\$m)	3.7	5.3

(Eqv. B – Equivalent Individual Block)

NB: 2015 numbers represent HM management's forecast

Next Steps

- Following the investment, Leed will actively monitor performance of Cultural Limestone through board representation at Battalion and ongoing active involvement in the business by PGMM
- PGMM executives are expected to be seconded to Cultural Limestone to help implement the ongoing transformational changes to the business
- Prior to the first principal repayment due 12 months following drawdown, the Leed board will regularly review the decision of whether to convert into equity
- During this period, Cultural Limestone is expected to successfully introduce the second generation wall panels into the market leading to an increase in market position and substantial increase in profitability and cashflow
- If Leeds decides to convert then it will look to pursue opportunities to increase its holding in Cultural Limestone through potential further investments or transactions with Battalion, which the Battalion board have said they would be willing to consider
- Leed, as an investment company, will continue to review other investment opportunities both from remaining cash reserves and future cash reserves to be generated initially as a noteholder and, longer term, potentially as a shareholder in Cultural Limestone

