LEED RESOURCES PLC

("Leed" or "the Company")

Shareholder Presentation and Update

Further to the announcement made by the Company on 15 June 2016, the Directors will be presenting an update to shareholders attending the meeting at 11am today. The presentation that will be presented to shareholders attending the update meeting will be available on the Company's website www.leedresourcesplc.com

Update

To date, Leed has invested A$1.68m in secured convertible loan notes that were issued by Battalion International Limited ("Battalion"). Battalion in turn invested in convertible loan notes that were issued by its subsidiary, High Mannor Pty Ltd ("High Mannor"), a Western Australian quarry and building materials business, trading as "Cultural Limestone", focused on the production, delivery and installation of reconstituted limestone blocks for use in retaining walls.

If all existing convertible loan notes are converted in accordance with their current terms, Leed would hold an interest in 18.4% of Battalion which effectively equates to approximately 14% interest in High Mannor. Due to non-performance under the convertible loan, Leed (and other loan note holders) are looking to renegotiate the terms of the notes with Battalion and in turn High Mannor. It is anticipated that this restructuring will result in Leed holding a substantially larger position in the underlying business.

As previously notified, Leed has the right to exercise an option to acquire Battalion before 15 August 2016, although it is now very unlikely that the Company will be able to make a definitive decision whether or not to proceed with or have sufficient time to complete the reverse takeover ("RTO") in the requisite timeframe to prevent cancellation of the Company's shares from trading on AIM. This is as a result of a number of issues identified during the due diligence process.

The key issues identified in due diligence include previously notified fraudulent activities of which direct incurred costs to High Mannor as reported to the police exceed A$50,000, although the total cost is almost certainly substantially higher than this. Once this matter has been progressed by the police, High Mannor will consider launching civil action against the individual for damages. In addition, poor management controls, inadequate internal communication and accountability, and lack of focus on delivery of wall panels to the market have all been identified as issues by Leed.

In order to address these issues a steering committee has been established by investors in Battalion. The steering committee appointed a new chief executive officer, Tony Cammarano, an experienced businessman from Western Australia with an interest in High Mannor. Changes implemented by Mr Cammarano include the removal of management and filing of police report, changes to the process for issuing quotations to customers, reduction in numbers of full time employees and formalising contractual arrangements with all subcontractors. New management are also closely monitoring actual job performance versus costing and improving the panel production process.

A review of the fixed asset register and existing financing arrangements to identify efficiencies is ongoing. In addition, the steering committee is putting together a detailed monthly management accounting model to enable the production of regular, accurate financial and management information and forecasts. Currently, a total of A$600,000 is outstanding under the working capital financing required by High Mannor to replace the facility provided by ex-management. Due to the payment terms with sub-contractors, High Mannor's working capital requirements increase as the volume of business increases and therefore it is likely that some further working capital support will be required within the next few months as the volume of business increases.

The current financial position of High Mannor necessitates a major capital restructuring as the existing debt obligations of both High Mannor and Battalion are not sustainable. The convertible loan notes at both companies mean that currently there is over A$5million of secured debt. Efforts are being made to improve High Mannor's performance, with early signs of success, but clearly even in this scenario a debt restructuring needs to be completed in order to place the business on a stronger footing to move forward. Ultimately future profit and value creation will require the successful roll-out of panels and may require further funding to cover any additional capital requirements. This will not be possible under the current capital structure. The board of High Mannor is obtaining an independent valuation of the business as a pre-cursor to exploring restructuring alternatives with stakeholders. It is likely that the result of this process will be a debt for equity conversion at High Mannor (and Battalion) and as a consequence this will mean that the secured note holders (such as Leed) will end up owning a substantial majority of the business.

As a result of any debt for equity conversion, it is likely that Leed will end up as the largest single shareholder in Battalion and in turn the Australian operations. Whilst the need for this restructuring has obviously meant that Leed has not been able to complete the targeted RTO, it does not necessarily represent a negative development for Leed (and its shareholders) in the longer term. The Board remains confident that the underlying business proposition offered by the wall panels is strong and the issues to date have mainly been due to poor implementation, which is now being addressed by the change in management at High Mannor.

Whilst the Directors fully understand, and share, the disappointment that issues at High Mannor will likely result in the delisting of Leed, they are of the strong view that it is not in the interest of shareholders for the Board to try and push ahead with an RTO at this time. The costs involved are substantial and if the Board had decided to pursue the RTO it would have required a capital raise which, assuming it was successful, would almost certainly have resulted in substantial dilution for existing Leed shareholders. The decision has been taken to avoid a highly dilutive capital raise at this juncture and to focus Leed's existing cash to support High Mannor and increase its stake in the business, which could ultimately lead to a controlling position. Once High Mannor has been restructured, and the issues in the business have been fully addressed, it is expected that there will be a number of liquidity alternatives on more attractive terms, such as an IPO or merger / trade sale.

The Directors understand that certain Leed shareholders may be uncomfortable with holding a position in an unlisted entity and, as such, the Board are looking into alternative options for providing short term liquidity for these shareholders. The Board will provide shareholders with a further update prior to the middle of August, including details of any liquidity arrangements that have been arranged. Following a delisting, the Board will also undertake to continue to provide regular updates to the shareholders via the Leed website.

For further information, please contact:

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