

Leaf Resources Limited
ABN 18 074 969 056

Entitlement Offer Booklet

Non-renounceable Entitlement Offer

One New Share for every ten Shares held at an issue price of \$0.090 per New Share to raise up to approximately \$1,582,985

The Entitlement Offer closes at 5.00 pm (Brisbane time) on 3rd August 2017

An investment in the Company should be considered speculative

This Entitlement Offer Booklet is important and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act.

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Chairman's letter

21 July 2017

Dear Shareholder,

Entitlement Offer to raise up to approximately \$1,582,985

On behalf of your Directors, I am pleased to invite you to participate in the Entitlement Offer announced by the Company on 13 July 2017.

The Entitlement Offer provides you with the opportunity to subscribe for one New Share for every ten Shares held at 7.00 pm (Sydney time) on 18 July 2017 at an issue price of \$0.09 per New Share, which represents a discount of approximately 15.3% to the VWAP of Shares traded on ASX in the three months to 12 July 2017.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement, although any application for Additional New Shares may be scaled back at the Company's discretion.

The Directors will support the Offer by each applying for their full entitlement to New Additional Shares under the Entitlement Offer.

The Entitlement Offer is not underwritten and is not subject to a minimum amount being raised. If fully subscribed, the Entitlement Offer will raise up to approximately \$1,582,985 (before the costs of the Entitlement Offer).

The net proceeds will be used to progress the Company's strategy in commercialising the Glycell™ process, as well as advancing a potential project in Malaysia and the USA and providing the Company with working capital.

Leaf Resources continues to make significant progress in the commercialisation of its technology and is advancing toward the development of its first commercial facility which has now reached the point of high-level government negotiation and agreements in Malaysia.

These agreements envisage the construction of an initial 100,000 bone dry tonnes (100kbt) facility, with an early 300kbt expansion.

Further detail on the proposed use of funds is set out in **section 1.9**.

If the Entitlement Offer is not fully subscribed, the Directors reserve the right to place the shortfall within three months of the Closing Date (currently scheduled for 5.00 pm (Brisbane time) on 3 August 2017).

Important information about the Entitlement Offer

It is important that you carefully read this booklet and the other publicly available information about the Company on our website (www.leafresources.com.au) and consider in particular the risk factors set out in **section 3** before making any investment decision.

This booklet contains a number of important parts, including:

- details of the Entitlement Offer;
- instructions on how to participate in the Entitlement Offer; and
- risk factors relevant to an investment in the Company.

With this booklet you will also find your Entitlement and Acceptance Form which details your Entitlement and provides instructions on how to participate in the Entitlement Offer.

The Entitlement Offer closes at 5.00 pm (Brisbane time) on 3 August 2017. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money submitted by BPAY^{®1} are received before this time in accordance with the instructions set out on the form and in **section 2** of this booklet.


Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in Leaf Resources will be reduced following the issue of New Shares.

Questions

If you have any questions about the Entitlement Offer please contact Leaf Resources on +61 7 3188 9040 or your professional adviser.

On behalf of the Directors, I thank you for your continued support and I commend the Entitlement Offer to you.

Yours sincerely



Jay Hetzel

Chairman

Important Information

This booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this letter and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to Leaf Resources as of the date of this letter. Except as required by law or regulation (including the ASX Listing Rules) Leaf Resources undertakes no obligation to update these forward-looking statements.

*This booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This booklet has been prepared for publication only in Australia and New Zealand, and may not be released elsewhere.*

¹ Registered to BPAY Pty Ltd.

Entitlement Offer at a glance

Summary of offer

Issue Price	\$0.09 per New Share
Discount	15.3% to the VWAP of Shares traded on ASX in the three months to 12 July 2017
Entitlement	One New Share for every ten Shares held on the Record Date (18 July 2017)
Additional New Shares available	Eligible Shareholders may apply for New Shares in excess of their Entitlement. The Company may scale back applications for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. If the Company scales back applications for Additional New Shares, excess funds will be returned to applicants without interest in accordance with section 2.4 .
Maximum number of New Shares to be issued under the Entitlement Offer	17,588,727
Approximate number of Shares that will be on issue if the Entitlement Offer is fully subscribed	201,945,960
Amount to be raised if the Entitlement Offer is fully subscribed (before costs)	approximately \$1,582,985

Key dates

Announcement of Entitlement Offer	13 July 2017
Offer document lodged with ASX Appendix 3B lodged with ASX Cleansing notice lodged with ASX	13 July 2017
Notice of Offer sent to Option Holders	13 July 2017
Ex Date – The date that Shares start trading without the Entitlements to participate in the Offer	17 July 2017
Record Date to determine Entitlements of Eligible Shareholders to participate in the Offer	7.00 pm (Sydney time) on 18 July 2017
Opening Date of Entitlement Offer This Offer Document and Entitlement and Acceptance Forms despatched to Shareholders	21 July 2017
Closing Date – last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money	5.00 pm (Brisbane time) on 3 August 2017
Trading of New Shares expected to commence on a deferred settlement basis	4 August 2017
ASX notified of under subscriptions	8 August 2017
Expected issue of New Shares (Deferred settlement trading ends) and despatch of Holding statements for New Shares	10 August 2017
Normal trading of New Shares expected to commence on ASX	11 August 2017

Eligible Shareholders that wish to participate in the Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Entitlement Offer opens. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer (including extending the Entitlement Offer or accepting late applications) without notice.

1.0 Details of the Entitlement Offer

1.1 The Entitlement Offer

Eligible Shareholders are invited to participate in a pro-rata non-renounceable Entitlement Offer to raise up to approximately \$1,582,985 (before costs). The Entitlement Offer will be conducted on the basis of one New Share for every ten Shares held on the Record Date, at an Issue Price of \$0.090 per New Share, which is payable in full on application. Fractional entitlements will be disregarded. The Issue Price represents a discount of approximately 15.3% of the VWAP of Shares traded on ASX in the three months to 13 July 2017.

The Entitlement Offer is not underwritten.

1.2 Eligible Shareholders

This booklet contains an offer of New Shares to Eligible Shareholders.

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares on the Record Date;
- have a registered address in Australia or New Zealand;
- are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Entitlements of Eligible Shareholders who also hold options to subscribe for Shares will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any options which have not been exercised before that time.

Shareholders that are not Eligible Shareholders are **Ineligible Shareholders**.

1.3 Additional New Shares

The Company reserves the right to allot Additional New Shares to the extent that the Company determines in its absolute discretion, having regard to circumstances as at the time of the close of the Entitlement Offer.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer.

If you apply for Additional New Shares then, subject to the Company's absolute discretion to scale back your application for Additional New Shares (in whole or part), you will be issued those Additional New Shares. The Company's decision on the number of New Shares and Additional New Shares to be allocated to you will be final.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by Leaf Resources, without interest, following allotment.

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.

1.4 Withdrawal of Entitlement Offer

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

1.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

1.6 No Entitlements trading

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

1.7 Discretion to deal with shortfall

To the extent there is any shortfall in subscriptions for New Shares and Additional New Shares under the Entitlement Offer, the Directors reserve the right to allocate top up Shares or place any shortfall at their discretion within three months of the close of the Entitlement Offer.

1.8 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

1.9 Purpose of the Entitlement Offer

If the Entitlement Offer is fully subscribed, the gross proceeds of the Entitlement Offer will be approximately \$1,582,985 and will be used to:

- fund further work on the commercialisation of the Glycell™ process;
- advance a potential project in Malaysia and the USA; and
- provide Leaf Resources with working capital.

To the extent that the Company raises less than \$1,582,985 under the Entitlement Offer, the Board will determine the final allocation of funds between the uses set out above.

1.10 No underwriting

The Entitlement Offer is not underwritten.

1.11 Opening and Closing Date for applications

The Entitlement Offer opens for acceptances on 21 July 2017 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5.00 pm (Brisbane time) on 3 August 2017, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules.

1.12 Allotment of New Shares and ASX quotation

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than 10 August 2017. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

1.13 Shareholders outside Australia and New Zealand

General restrictions

This Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares, outside Australia and New Zealand. The New Shares may not be offered in a jurisdiction outside Australia or New Zealand where such an offer is not made in accordance with the laws of that place.

The distribution of this Entitlement Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia or New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia or New Zealand.

New Zealand securities law requirements

The Entitlement Offer is made in compliance with the laws of Australia and will be offered in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Entitlement Offer Booklet is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Entitlement Offer is not being made to US persons or persons in the United States.

This Entitlement Offer Booklet and the accompanying Entitlement and Acceptance Form will not be sent by the Company or its agents to any Shareholder in the United States or to any US person.

By submitting an Entitlement and Acceptance Form or paying Application Money by BPAY, an applicant will be deemed to have represented, warranted and agreed as follows:

it understands that the New Shares have not been, and will not be, registered under the US Securities Act, and may not be offered, sold or resold in the United States or for the account or benefit of, a US person except in accordance with an available exemption from registration;

it is not:

- in the United States or a US person; or
- acting for the account or benefit of a person in the United States or a US person;

it will not offer, sell or resell in the United States or to a US person any New Shares:

- as part of their distribution, at any time; or
- otherwise, until after the expiry of 40 days after the date on which the New Shares are allocated; and

if it is entitled to receive any fees or commissions in connection with any purchase of New Shares to which the Entitlement and Acceptance Form relates, it will not, directly or indirectly, pay or re-allow any portion of such fee or commission to any other person.

Until 40 days after the commencement of the Entitlement Offer, an offer or sale of the New Shares in the United States or to any US person by any dealer (whether or not participating in the Entitlement Offer) may violate the registration requirements of the US Securities Act.

Ineligible Shareholders

The Company is not extending the Entitlement Offer to Ineligible Shareholders having regard to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Ineligible Shareholders; and
- (c) the number and value of New Shares which could be offered to Ineligible Shareholders.

Where this Entitlement Offer Booklet has been dispatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances, the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

1.14 Taxation consequences

The taxation consequences of any investment in New Shares will depend upon your particular circumstances.

Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

1.15 Privacy

The information about Eligible Shareholders included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer the Eligible Shareholder's holding of New Shares. By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that the Company may use the information provided by an Eligible Shareholder on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and the

Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including name, address and details of the Shares held) in the Register. The information contained in the Register must remain there even if that person ceases to be a Shareholder. Information contained in the Register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry as follows:

Leaf Resources Limited
C/- Link Market Services Ltd
Locked Bag A14
South Sydney NSW 2001
Australia
Ph: 1300 554 474

1.16 Not investment advice

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order 08/35.

This Entitlement Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

1.17 Future performance and forward looking statements

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Entitlement Offer.

Past Share price performance provides no guidance as to future Share price performance.

1.18 Governing law

This Entitlement Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

1.19 Interpretation

Some capitalised words and expressions used in this Entitlement Offer Booklet have meanings which are explained in **section 4**.

A reference to time in this Entitlement Offer Booklet is to the local time in Brisbane, Australia, unless otherwise stated. All financial amounts in this Entitlement Offer Booklet are expressed in Australian dollars, unless otherwise stated.

1.20 Disclaimer of representations

No person is authorised to provide any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Entitlement Offer Booklet.

Any information or representation that is not in this booklet may not be taken as having been authorised by Leaf Resources or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, none of Leaf Resources, or any other person, warrants or guarantees the future performance of Leaf Resources or any return on any investment made in connection with this Entitlement Offer.

1.21 No handling fees

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Shareholders.

2.0 How to participate

2.1 What you may do – choices available

Before taking any action you should carefully read this Entitlement Offer Booklet and the other publicly available information about the Company on our website (www.leafresources.com.au) and consider the risk factors set out in **section 3**.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

Alternatives	See section
Take up your Entitlement in full or in part	2.2
Take up your Entitlement in full and apply for Additional New Shares	2.2 and 2.3
Allow your Entitlement to lapse	2.8

2.2 If you wish to accept your Entitlement in full or in part

Either:

- Complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form in the enclosed reply paid envelope, together with the Application Money, to the Share Registry at the address set out in **section 2.7**. It must be received by no later than 5.00 pm (Brisbane time) on Thursday 3 August 2017.

OR:

- Make a payment of \$0.09 for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement and Acceptance Form so that it is received by no later than 5.00 pm (Brisbane time) on Thursday 3 August 2017.

2.3 Applying for Additional New Shares

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares will only be allocated to Eligible Shareholders if and to the extent that the Company determines to do so, in its absolute discretion having regard to circumstances as at the time of the close of the Entitlement Offer. Any Additional New Shares will be limited to the extent there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer.

2.4 Scale back

The Company may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. However, if the Entitlement Offer is oversubscribed, it is the Company's current intention to scale back all applications for Additional New Shares in the same proportions.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by Leaf Resources, without interest, following allotment.

2.5 Acceptance of the Entitlement Offer

By completing, and Leaf Resources receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY, you:

- agree to be bound by the terms of this booklet and the provisions of Leaf Resources' constitution;
- authorise Leaf Resources to register you as the holder(s) of the New Shares allotted to you;
- declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- acknowledge that once Leaf Resources receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price of \$0.09 per New Share;
- authorise Leaf Resources and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date (18 July 2017) of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this booklet or making an application for New Shares; and
- represent and warrant that you are an Eligible Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form.

By completing, and Leaf Resources receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- you are not in the United States and are not a US Person (see **section 1.13** above), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand, and accordingly, the

Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and

you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

2.6 Payment for New Shares

The Issue Price of \$0.09 per New Share is payable in full on application.

The Application Money payable for your Entitlement is set out on the Entitlement and Acceptance Form.

All payments are to be made in Australian currency by cheque drawn on and payable at any Australian bank or by BPAY.

Cheques should be made payable to “Leaf Resources Limited” and crossed “Not Negotiable”.

Applicants are asked not to forward cash. Receipts for payments will not be issued.

BPAY payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using the BPAY Biller Code and unique Reference Number shown on the form. You are not required to return the Entitlement and Acceptance Form if you use BPAY to pay the Application Money.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company whether or not the allotment of New Shares takes place.

2.7 Address details and enquiries

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded in the enclosed reply paid envelope to the Company’s Share Registry by mail to the following address:

Leaf Resources Limited
C/- Link Market Services Ltd
GPO Box 3560
Sydney NSW 2001
Australia

For further information on your Entitlement or what your choices are in relation to it, please contact Leaf Resources on +61 7 3188 9040.

2.8 If you do not wish to accept all or any part of your Entitlement

To the extent you do not accept all or any part of your Entitlement, it will lapse.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in Leaf Resources will be reduced following the issue of New Shares.

3.0 Risk factors

Eligible Shareholders should be aware that there are risks associated with an investment in the Company and the New Shares carry no guarantee in respect of profitability, return of capital or the price at which they will trade on ASX. The key risk factors relevant to an investment in the Company are set out below.

If you have any queries or are uncertain about any aspects of the Entitlement Offer, including these risk factors, consult with your stockbroker, accountant or other professional adviser.

3.1 Risks specific to the Company

Glycell™ Process

- There is a risk that the “Glycell™ process” will not be successfully scaled up and commercialised.
- There is a risk that the various patents applied for will not be granted.
- There is a risk that other technologies being developed throughout the world may supersede the benefits offered by the “Glycell™ process.”

Exchange rate risk

It is proposed that many of the Company's products will be sold in international markets (most likely in US dollars, Malaysian Ringgit and Euros). Accordingly, the Company will be subject to foreign exchange rate fluctuations, which could adversely affect the Company's future revenue.

In addition many of the Company's expenses may be incurred in foreign currencies (most likely US Dollars and Malaysian Ringgit and to a lesser extent Euros). Accordingly, the Company will be subject to foreign exchange rate fluctuations, which could adversely affect the Company's future costs.

Competition risks

Competition from other organisations, along with existing and new technologies, could impact on the Company's performance. There can be no assurance that the Company will be able to compete successfully against current or future competitors. Given the rapidly advancing nature of agricultural biotechnology and research, there can be no assurances that the Company's technology and products will be or will continue to be competitive and remain attractive to its target markets. Similarly, there can be no assurances that new innovations may obviate the need for the Company's products, or that the target markets will continue to grow at their current rate.

Commercialisation of products

The Company has not yet fully commercialised its products and therefore has relatively modest revenues from grants and interest receipts. The Company's ability to achieve profitability is dependent on a number of factors, including its ability to complete development efforts, appoint distribution and licensing partners, and market its products. There is no assurance that the Company will generate significant revenues or that the Company will ever achieve profitability. There is no assurance that the Company will attract appropriate strategic partners or that any such partners will perform and meet commercialisation goals or make licensing payments.

Product development

Development of the Company's products is subject to risks of failure inherent in the development process. For example, the Company's products may be

shown to be difficult or impossible to manufacture on a large scale or unable to compete with products marketed by third parties.

Commodity pricing

The Company's principal raw ingredient is biomass. Competing uses for biomass may cause the price of biomass to rise and put economic pressure on the products produced using the Glycell™ process.

The Company's products compete against similar products that can be made from raw sugar or sugar made from grain starch. The prices of sugars from these sources may move adversely and affect the economic competitiveness of products made from the Glycell™ process.

The Company's products compete against similar products that can be made from petroleum. The price of petroleum may move adversely and affect the economic competitiveness of products made from the Glycell™ process.

Funding risk

To fund operations, the Company may, in the future, issue additional Shares, borrow additional money, or enter into new collaborative agreements. The timing and amount of its future capital requirements will depend on many factors. The Company may not be able to raise money when it is needed. If the Company fails to obtain adequate funds when needed, it may:

- delay or eliminate its research and development and commercial activities;
- have to license its technologies on unfavourable terms; or
- have to reduce or cease operations.

If the Company raises money by issuing Shares or borrowing money, the terms may not be favourable and may dilute existing Shareholders. A debt financing agreement may contain restrictive covenants, and, if the Company defaults, may provide the lender with rights to some or all of the Company's assets.

Distribution and licensing risk

There are no guarantees that the Company will be able to conclude distribution or licensing arrangements for its products and technology with appropriate partners on favourable terms or at all. Failure to secure appropriate distribution or licensing arrangements may impact revenue and profit adversely, and could lead to the ultimate failure of the Company.

Regulatory risks

The Company operates in an area regulated by governments. Any changes in government regulations may affect the research, development and production of key products.

Retention of key employees or recruitment of additional qualified personnel

Because of the specialised scientific nature of the Company's business, the Company is highly dependent on qualified scientific, technical and managerial personnel. There is competition for qualified personnel in the Company's business. The Company may not be able to attract and retain the qualified personnel necessary for the development of its business.

The loss of services of existing personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner may harm the Company's research and development programs and its business.

3.2 General risks

Operational risks

The profitability of the Company's business will be subject to the Company's continued performance and growth in providing contract services and products to clients and customers. Failure to adequately perform contract services, licensing obligations, or fulfil product sales and orders may result in loss of revenues and earnings, and termination of contracts and loss of customers.

Counterparty risks

The Company will face potential risks arising from the credit standing and strategic actions of its future customers and collaborators.

Share market conditions

As the Company is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

There is a risk that the market price of Shares may not exceed the Issue Price.

Economic conditions

Both domestic and world economic conditions may affect the performance of the Company. Relevant factors include the level of inflation, interest and exchange rates, investor sentiment, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which the Company operates.

Market risk

A number of factors outside the control of the Company may impact significantly on the Company, its performance and the price of its securities, including factors such as domestic and international competition, exchange rate fluctuations and competitive pressures forcing market prices lower.

4.0 Definitions

Additional New Shares	New Shares you apply for in excess of your Entitlement
Application Money	Money paid by you for New Shares and Additional New Shares
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
Board	The board of Directors
Closing Date	5.00 pm (Brisbane time) on Thursday, 3 August 2017
Company or Leaf Resources	Leaf Resources Limited ABN 18 074 969 056
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Eligible Shareholder	A Shareholder on the Record Date and who is not an Ineligible Shareholder
Entitlement	The entitlement to one New Share for every ten Shares held on the Record Date. The entitlement of each Eligible Shareholder is shown on the Entitlement and Acceptance Form
Entitlement Offer	The offer of New Shares made in this Entitlement Offer Booklet
Entitlement Offer Booklet	This booklet
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Entitlement Offer Booklet
Glycell™ Process	The technology of the Company used to add break down plant biomass into its constituent parts; cellulose, hemicellulose and lignin.
Ineligible Shareholder	A Shareholder with an address in the Register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous
Issue Price	\$0.09 per New Share
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time
New Shares	Shares offered under the Entitlement Offer
Option Holders	Holder of an option to acquire Shares
Record Date	7.00 pm (Sydney time) on 18 July 2017
Register	The register of Shareholders required to be kept under the Corporations Act

Share	A fully paid ordinary share in the Company
Share Registry	Link Market Services Limited (ABN 54 083 214 537)
Shareholder	A holder of Shares
US or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Person	The meaning given in Regulation S under the US Securities Act
US Securities Act	The <i>United States Securities Act of 1933</i> , as amended
VWAP	Volume weighted average price

Corporate Directory

Directors

Dr Jay Hetzel – Chairman

Mr Ken Richards – Managing Director and Chief Executive Officer

Mr Matthew Morgan – Non-Executive Director

Mr Doug Rathbone – Non-Executive Director

Mr William Baum – Non-Executive Director

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