

31 July 2019

Dear Shareholder,

Leaf Resources Limited Entitlement Offer – notification to eligible shareholders

This letter is to notify you that on 30 July 2019 Leaf Resources Limited (ASX: LER) (**Leaf Resources**) announced a non-renounceable pro rata entitlement offer of ordinary shares in Leaf Resources to eligible shareholders in Australia and New Zealand to raise up to approximately A\$500,000 (**Entitlement Offer**) (copy of the ASX announcement enclosed). The Entitlement Offer is not underwritten.

This is an important capital raising for Leaf Resources and the Leaf Resources Board commends the Entitlement Offer to all Eligible Shareholders (defined below). Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for one new Leaf Resources share (**New Share**) at an offer price of A\$0.025 per share for every fourteen shares held by the Eligible Shareholder at 7.00 pm (Sydney time) on 2 August 2019 (**Record Date**).

The Entitlement Offer provides an equitable way for Leaf Resources to raise funds from existing Eligible Shareholders. Full details of the Entitlement Offer will be set out in the Entitlement Offer Booklet.

Eligible Shareholders who wish to participate in the Entitlement Offer will need to either use the Entitlement and Acceptance Form that accompanies the Entitlement Offer Booklet in accordance with the instructions printed on that form or submit their application money by BPAY®.¹

The Entitlement Offer Booklet is expected to be dispatched to Eligible Shareholders on or about 7 August 2019 and will be made available on Leaf Resources' website and on ASX's company announcements platform (accessible at www.asx.com.au).

Summary of the Entitlement Offer

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| Issue price | A\$0.025 per New Share |
| Entitlement (Eligible Shareholders may also apply for additional New Shares) | One New Share for every fourteen Shares held at 7.00 pm (Sydney time) on 2 August 2019 |
| Approximate discount to the volume weighted average price of shares traded on ASX in the three months ending 26 July 2018 | 20% |
| Maximum number of New Shares which can be issued under the Entitlement Offer | 21,061,375 |
| Approximate amount which can be raised under the Entitlement Offer (before costs) | A\$526,534 |
| Approximate number of shares that will be on issue if the Entitlement Offer is fully subscribed² | 326,268,049 |

¹ Registered BPAY Pty Ltd.

² Assuming the Entitlement Offer is fully subscribed, no options are exercised and no further securities are issued.

Details about the Entitlement Offer

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| Type of offer? | The Entitlement Offer is non-renounceable. |
| Who will be eligible to participate? | <p>The record date for determining shareholder entitlements is 7.00 pm (Sydney time) on 2 August 2019 (Record Date). Only shareholders of Leaf Resources who at the Record Date:</p> <ul style="list-style-type: none"> (a) have a registered address in Australia or New Zealand; (b) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the <i>United States Securities Act of 1933</i>, as amended) (U.S. Persons) and are not acting for the account or benefit of U.S. Persons; and (c) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer, <p>(Eligible Shareholders) will be eligible to participate in the Entitlement Offer.³</p> |
| Will option holders be eligible to participate? | Letters were sent to option holders on 30 July 2019 to notify them that they must exercise their options by the Record Date should they wish the shares issued upon exercise to be counted in determining entitlements (assuming they are an Eligible Shareholder). Option holders who do not hold any shares on the Record Date will not be eligible to participate in the Entitlement Offer. |
| Can I apply for more than my entitlement? | Eligible Shareholders will be entitled to apply for New Shares in excess of their entitlement (Additional New Shares) at the same issue price of A\$0.025. If the Entitlement Offer is oversubscribed, applications for Additional New Shares may be scaled back in whole or in part. |
| Is the Entitlement Offer subject to a minimum amount of funds being raised? | No. |
| What happens if there is a shortfall in subscriptions? | If less than A\$526,534 is raised 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 closing date of the Entitlement Offer. |
| Is there a broker to the Entitlement Offer? | No. |
| Will brokers who lodge acceptances receive a handling fee? | There will be no handling fee payable to brokers for acceptances lodged by them on behalf of Eligible Shareholders. |
| What will the funds raised be used for? | <p>The funds raised from the Entitlement Offer will be used by Leaf Resources to progress the Company's strategy of commercialising the Glycell™ process and advancing the development of the first commercial scale biorefinery facility in Malaysia and providing working capital</p> <p>Further details will be provided in the Entitlement Offer Booklet to be sent to Eligible Shareholders which Eligible Shareholders should read carefully before deciding whether to participate in the Entitlement Offer.</p> |

³ 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.

Key dates⁴

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| Announcement of Entitlement Offer | 30 July 2019 |
| Offer document lodged with ASX Appendix 3B lodged with ASX Cleansing notice lodged with ASX | 30 July 2019 |
| Notice of Offer sent to Option Holders | 30 July 2019 |
| Ex Date – The date that Shares start trading without the Entitlements to participate in the Offer | 1 August 2019 |
| Record Date to determine Entitlements of Eligible Shareholders to participate in the Offer | 7.00 pm (Sydney time) on 2 August 2019 |
| Opening Date of Entitlement Offer This Offer Document and Entitlement and Acceptance Forms despatched to Shareholders | 7 August 2019 |
| Closing Date – last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money | 5.00 pm (Brisbane time) on 21 August 2019 |
| Trading of New Shares expected to commence on a deferred settlement basis | 22 August 2019 |
| ASX notified of under subscriptions | 26 August 2019 |
| Expected issue of New Shares (Deferred settlement trading ends) and despatch of Holding statements for New Shares | 28 August 2019 |
| Normal trading of New Shares expected to commence on ASX | 29 August 2019 |

Important notice to Ineligible Shareholders

Shareholders that are not Eligible Shareholders (**Ineligible Shareholders**) are not eligible to participate in the Entitlement Offer.

Leaf Resources has determined that it is unreasonable to extend the Entitlement Offer to Ineligible Shareholders. Leaf Resources made this decision after considering:

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

The securities to be issued under the Entitlement Offer have not and will not be registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States and, in connection with the Entitlement Offer, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Rule 902(k) under Regulation S of the US Securities Act).

⁴ Leaf Resources reserves the right to vary the timetable without notice, including by extending or bringing forward the Closing Date.

Further information on the Entitlement Offer

For further information on the Entitlement Offer you should contact Leaf Resources on +61 7 3188 9040.

Yours faithfully

Leaf Resources Limited



Tim Pritchard

Company Secretary