

4th November 2019

Alex Sutton
Adviser - Geology, Listings Compliance
ASX Limited
20 Bridge Street, Sydney NSW 2000

Dear Mr. Sutton,

Leaf Resources Ltd ('LER'): Appendix 4C Query 31st October 2019

I acknowledge receipt of your letter dated 31 October 2019 regarding the Company's Appendix 4C quarterly report for the period ended 30 September 2019. Please find our response to the questions below:

1. Does LER expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes.

2. Has LER taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes, the LER Board will continue to manage capital in a prudent manner that benefits shareholders. On 30 July 2019 the Board released an investor update setting out the strategic course of the business. On 31 July 2019, the Board released its June 2019 Quarterly Update and stated "*....The Board will continue to manage capital in a prudent manner that benefits shareholders.....*" and in its Preliminary Report released to the ASX on 31 August 2019, the Company stated "*.....The Board & management will continue to manage capital in a prudent manner that benefits shareholders, seeking capital as required to support the advancement of defined milestones associated with the Malaysian project and bring project definition to the Queensland project.*"

In its most recent September 2019 Quarterly Update the Board provided a further statement addressing its funding position "*....While reported cash reserves were low at the end of the quarter, they have been supplemented by the rights issue and R&D tax incentive as detailed above. The Board has determined that overhead cost reductions already implemented and prudent management of capital will enable the Company to advance its objectives. Directors believe that a staged approach to the ongoing development and commercialisation of the Company's technology is appropriate, whereby key milestones are achieved and risk is reduced prior to seeking additional funding.*"

With the recent fully subscribed Entitlement Offer announced on 4 September 2019 and inquiries from investors wishing to support the company, the directors will continue to run low cash liquidity levels for the next 12 months to ensure that shareholder value is protected.

Further to this strategy, the company and its advisers have raised \$544,998.40 of capital on a needs basis and will continue on with this strategy with a high level of confidence of success if required.

3. Does LER expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

LER expects to continue its operations and meet its business objectives on the following basis:

- The structuring of Leaf Malaysia to include a local shareholder is an important step that will help progress the project and give the Company an opportunity to secure valuable Government support including funding assistance. This includes funding under the Malaysian Technical Depository Agency (TDA) Industrial Collaboration Program (ICP). An application for funding support for pre-construction expenses has been lodged with the TDA and the Company is confident of a successful outcome in the near term. A successful outcome will enable Leaf Malaysia to fund the project through to bankable feasibility stage, including the FEL3 study and associated expenses.
- LER expects to be able to access R&D rebates (and related funding) associated with expenditures incurred in respect to the proposed Gevo project, focussed in Queensland on the development and production of mainstream fuels like gasoline and jet fuel using renewable feedstocks.

The LER Board continuously reviews company operations and business objectives and will update the market if there are any material changes in relation thereto.

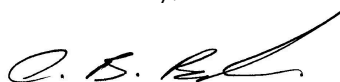
4. Please confirm that LER is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

We confirm that LER is in compliance with the listing rules and, in particular, Listing Rule 3.1 concerning the Company's continuous disclosure obligations.

5. Please confirm that LER's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LER with delegated authority from the board to respond to ASX on disclosure matters.

We confirm that LER's response have been approved by Mr Doug Rathbone (Non-Executive Chairman) and Alex Baker (CEO) who are both authorised by the Board to respond to ASX on disclosure matters.

Yours faithfully,



Alex Baker
Managing Director

Leaf Resources Limited



31 October 2019

Mr Tim Pritchard
Company Secretary
Leaf Resources Ltd.
Suite 7 1 Westlink Court
Darra QLD 4076

By email:

Dear Mr Pritchard

Leaf Resources Ltd ('LER'): Appendix 4C Query

ASX refers to LER's Appendix 4C quarterly report for the period ended 30 September 2019 lodged with the ASX Market Announcements Platform and released on 31 October 2019 (the 'Appendix 4C').

ASX notes that LER has reported:

- negative net operating cash flows for the quarter of \$950,000;
- cash at the end of the quarter of \$811,000; and
- estimated cash outflows for the next quarter of \$2,856,000.

It is possible to conclude, based on the information in the Appendix 4C, that if LER were to continue to expend cash at the rate indicated by the Appendix 4C, LER may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks LER to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does LER expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LER taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does LER expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LER is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that LER's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LER with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that LER considers may be relevant to ASX forming an opinion on whether LER is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:00 AM AEDT Tuesday, 5 November 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in LER's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LER's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to LER's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LER's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LER's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

A handwritten signature in black ink that reads "Alex Sutton". The signature is written in a cursive, flowing style. Below the signature is a solid blue horizontal line.

Alex Sutton

Compliance Adviser, Geology, Listings Compliance (Sydney)