

30th April 2020

Australian Securities Exchange Announcement

March 2020 Quarterly Update

Leaf Resources Limited (ASX: LER) is pleased to provide an update on its activities for the quarter ended March 2020.

Operational Update

Malaysian Project

On 13 January 2020, Leaf Resources announced confirmation of a critical milestone with the receipt of correspondence from the Malaysian Technical Depository Agency (TDA) regarding the acceptance and completion of the Company's application for funding consideration under the Industry Collaboration Program (ICP stage 1).

The TDA advised that it has commenced the ICP second stage process seeking to match Leaf's proposed Malaysian biorefinery project with the ICP program and Malaysian government procurement obligations. The TDA has been approached by the Company for an update on the status of this process, however the Company had not received correspondence at the time of preparing this report.

A successful outcome for Leaf through the ICP process could provide ~ US\$5.0 million and facilitate funding of its Malaysian project through to a bankable feasibility report.

Queensland Project

The Joint Development Agreement with US-based Gevo Inc. - a leading renewable fuels and chemicals manufacturer listed on the NASDAQ exchange - continues to progress well. The agreement with Gevo is structured around three phases of joint work designed to establish a bankable project. Phase 1 will develop the feasibility of a potential manufacturing facility in Queensland (incorporating Leaf's proprietary Glycell™ technology), followed by phases investigating the commercial development and commercialisation of the project. Gevo and Leaf will carry their own costs during phase 1 of the project, with further funding to be determined after completion of the phase 1 milestones.

Leaf has commenced the integrated engineering model within phase 1 and continues to progress its joint activities with Gevo on time and on budget with the ultimate goal of establishing the capacity to process biomass utilizing Leaf's technology coupled with Gevo to produce "green" jet fuel.

Currently there are approximately 12 million bone dry tonnes of available biomass produced in Queensland with more than 90% of this material from the sugar cane industry.

Local Queensland engagement has had to be temporarily curtailed during the quarter due to COVID-19 related lockdown measures enacted by the Queensland government. The Company will be looking to re-initiate those discussions when circumstances allow.

Corporate

The Company announced in late February the completion of a share placement of 5,250,000 fully paid ordinary shares (Shares) to raise \$105,000 at 2 cents a Share (Placement). The Offer was made to sophisticated, professional and other investors who qualified under section 708 of the Corporations Act 2001 (Cth).

In addition, the Chairman of the Company, Mr. Doug Rathbone has agreed to provide a loan of \$75,000 (Loan) to the Company that will now convert to 3,750,000 new Shares in the Company at an issue price of 2 cents per Share based on the recent EGM.

Response and impact of COVID-19

The impact of COVID-19, including the shut-down of business activity and travel both domestically and internationally around the globe, has led to a level of global uncertainty, which continues to impact economies worldwide and disrupt government programs as states and countries deal with the pandemic.

In response to the global economic impact of COVID-19, the directors recently approved to suspend Directors' fees for the next 8 months and modified the CEO's wages down by 80%. Business operations have also been reduced to focus resources and preparedness for progressing the projects and technology as conditions begin to return to normal.

Outlook

The Company expects the period to 30 June to deliver additional progress in relation to the ICP process, as well as further developments in respect of the Queensland project.

The Board will continue to source capital as required, with a range of discussions ongoing. The focus is to progress the TDA application in support of ICP funding and to engage with the Queensland Government and Gevo to develop a bio-manufacturing hub in a sugarcane producing region of Queensland. The Company will commence to look at other suitable new business opportunities, currently focusing on the renewable and agricultural sectors.

ENDS

About Leaf Resources Ltd (ASX: LER)

Leaf Resources is one of the world's leading companies in converting plant biomass into industrial sugars. Our proprietary process for converting biomass-to-functional industrial sugars enable a myriad of downstream technologies for the production of renewable chemicals that will substitute petrochemicals used in manufacturing today. With our project development and continued technical innovation we are building a robust global business centered on renewable carbon containing products to deliver environmental and economic benefits to our shareholders and our planet. More on www.leafresources.com.au

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
LEAF RESOURCES LIMITED		
ABN		Quarter ended ("current quarter")
18 074 969 056		31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	6	6
1.2	Payments for		
	(a) research and development	(148)	(1033)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(64)	(559)
	(f) administration and corporate costs	(122)	(444)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	(107)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	2839
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(328)	702

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(19)
	(d) investments	-	(61)
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	343
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	0	263

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	105	602
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(31)
3.5	Proceeds from borrowings	75	75
3.6	Repayment of borrowings	-	(1805)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	179	(1159)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	249	294
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(328)	702

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	263
4.4	Net cash from / (used in) financing activities (item 3.10 above)	179	(1159)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	100	100

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	100	248
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	100	248

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
-
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	0	0

7.5 **Unused financing facilities available at quarter end** 0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8. Estimated cash available for future operating activities

	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(328)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	100
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	100
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(.30)

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes, the company does expect to have sufficient funding in the medium term by way of various cost cutting measures and access to current government incentives.

2. Has the entity 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?

Answer: Yes, the company has taken steps with several parties to fund its ongoing operations by way of further capital or debt facilities. Based on these steps the company believes that it will be successful.

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

Answer: Yes, the company expects to be able to continue its operations in the medium term based on the steps undertaken at 8.6 Question 2.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30th April 2020

Authorised by: By the Board.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.