

11th November 2020

Australian Securities Exchange Announcement

September 2020 Quarterly Update

Leaf Resources Limited (ASX: LER) is pleased to provide an update on its activities for the quarter ended September 2020 to be read in conjunction with the Appendix 4C Quarterly cash flow report for entities subject to Listing Rule 4.7B released on October 30th 2020.

Operational Update

Both the Malaysian and Queensland projects are temporarily curtailed continuing through the first quarter of the financial year. The Company will continue to review those projects as and when circumstances allow. Business and government activity in Malaysia are recommencing, however foreign nationals, now with limited exceptions, are restricted from entry up to Malaysia. In addition, the ban on overseas travel from Australia is still in place in that the Company executives cannot leave Australia unless an exemption from the Department of Home Affairs is sought. The Company continues to wait for guidance from the Malaysian TDA on Leaf Malaysia OpCo Sdn Bhd application status.

R&D Tax Incentive

The Company recently received \$278,640 in respect of its entitlement under the Research and Development Tax Incentive Program for the 2020 financial year.

Corporate Outlook

On the 16th July the Company announced that it has entered into a conditional Share Sale Agreement to acquire all of the issued capital of Essential Queensland Pty Ltd (**EQ**), an Australian private company, which utilises proprietary extraction technology to produce sustainable and renewable pine chemicals for sale into global markets.

This acquisition combines two complimentary technologies, creates a stronger business position to address large and growing global markets for renewable industrial chemical products including pine chemicals. The objective is to secure near-term cash earnings and growth opportunities using EQ's technology while providing longer term opportunities based on Glycell™ technology.

As noted in the 16 July 2020 release, the acquisition is conditional on the satisfaction of a number of conditions precedent including, the Company obtaining all required shareholder and regulatory approvals necessary for implementation of the Acquisition (including, under the ASX Listing Rules and Corporations Act) and LER re-complying with Chapters 1 and 2 of the ASX Listing Rules and being reinstated to trading on the ASX in accordance with ASX Listing Rule 11.1.3.

The Company has issued a notice of meeting for an extraordinary general meeting to be held on November 27th for shareholders to consider a set of resolutions regarding the approvals described above. Until the securities of the Company are reinstated to trading on the official list of the ASX, the Company will be suspended from quotation.

EQ's growth strategy as a low-cost producer in the global pine chemical market includes potential brownfield expansion at the existing site as well as the development of multiple commercial scale extraction plants at different locations in Australia and overseas. This too, is complementary with the Company's growth strategy of providing sustainable product to the large and growing global markets for renewable chemicals.

Circular bio(based)economies have set drivers focusing on lignocellulosic biomass as a platform chemical feedstock to produce intermediates for industry to take further along the low carbon renewable value chain. Biorefineries are regarded as a cornerstone of a bioeconomy and can be deployed and integrated to transform biomass to usable useful chemicals.

Accordingly, the Company believes the proposed transaction is highly complementary to its current technology, projects, and operations and presents a real opportunity for increase in shareholder value, even if the economic impacts of the COVID-19 pandemic had not occurred.

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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

Contacts:

Alex Baker (CEO)

M: +61 419 028 372

Douglas J Rathbone (Chairman)

M: +61 411 258 987