

15 September 2016
Australian Securities Exchange Announcement

Placement Capacity under Listing Rules

Leaf Resources Limited ("the Company") advises that it has issued 2,219,705 equity securities in excess of its 15% placement capacity under Listing Rule 7.1.

This was due to certain issuances in the last 12 months being disclosed as having been made under the Company's 15% placement capacity under Listing Rule 7.1 rather than made under its additional 10% placement capacity under Listing Rule 7.1A (which was approved by shareholders at the 2015 AGM). The Company confirms that despite the imbalance between the allocation of equity securities across these separate placement capacities, its previous issuances over the last 12 months remain within its overall 25% placement capacity under Listing Rules 7.1 and 7.1A.

ASX has confirmed that the Company will not be able to seek shareholder ratification of the issue of the 2,219,705 equity securities to refresh the Company's capacity to issue securities without shareholder approval under Listing Rule 7.1. This is because ratification under Listing Rule 7.4 is only available where the securities are issued without breaching Listing Rule 7.1.

The 2,219,705 equity securities are equivalent to approximately 1.41% of the Company's fully diluted share capital. Accordingly, the Company's inability to seek ratification for these equity securities is not expected to have a material impact on the Company's future placement capacity.

The Company will be seeking shareholder approval at the upcoming 2016 AGM under Listing Rule 7.4 for issuances of equity securities over the past 12 months which were made within its 15% placement capacity under Listing Rule 7.1. If these resolutions are approved, it will improve the Company's future capacity to issue securities without shareholder approval under Listing Rule 7.1. Consistent with its approach in previous years, the Company also intends to seek shareholder approval at the 2016 AGM for an additional 10% placement capacity under Listing Rule 7.1A to apply for the next 12 months.

About Leaf Resources Ltd (ASX: LER)

Leaf Resources is commercialising the Glycell™ process.

The Glycell™ Process is an innovative technology that uses a low cost, recyclable, biodegradable reagent glycerol, in a simple process that breaks down plant biomass into lignin, cellulose and hemicellulose at low temperature and pressure. The cellulose is then converted to cellulosic sugars through enzymatic hydrolysis and the lignin, hemicellulose and glycerol become valuable co-products.

Cellulosic sugars are a major feedstock for green, renewable biobased chemicals, bioplastics and biofuels, products whose markets are multi \$billions and fast growing. Many biobased products can now economically replace petroleum based products.

The Glycell™ process can produce cellulosic sugars at under \$50 per tonne when co-products are included. This compares with \$220 per tonne for sugars produced from the conversion of corn starch, the cheapest alternative and \$280 per tonne for raw sugar.

By dramatically reducing the cost of the main feedstock for bio based chemicals, plastics and biofuels, the Glycell™ process has the potential to change the face of global renewable production.

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