

4 May 2016

Ivan Tatkovich
Adviser, Listing Compliance
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

By email:

Dear Mr. Tatkovich,

Response to Appendix 4C Query

I acknowledge receipt of your letter dated 2 May 2016 regarding the Company's quarterly report for the period ended 31 March 2016 and provide the following responses to your questions:

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

Over recent years the Company has developed its proprietary Glycell™ process and is now seeking to commercialise that process. Whilst the Company is progressing its commercialisation strategy (see Shareholder Update lodged 2 May 2016) and that strategy is seeing acceptance by potential licensees, the Company expects that it will continue to have negative operating cash flows in the near future.

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?

The Company is currently undertaking joint venture projects with selected partners and through those projects will collect approximately \$75,000 in research fees in the June 2016 quarter. It also expects to receive in the order of \$90,000 from its 2014/2015 Export Market Development Grant application (assuming the EMDG second tranche payout factor for the 2014/2015 year remains consistent with the 2013/2014 year at 65.28 cents in the dollar).

Post 30 June 2016, the Company believes, based on previous years rulings, that in excess of \$500,000 will be received from the R & D Tax Incentive and Export Market Development Grant.

R & D expenditure in the March 2016 quarter was high with \$220,000 plus staff costs being spent. In addition, because of negotiations in the USA and development opportunities in Europe, the Company has had considerable travel expenses. Both the R & D and travel expenditure will be lower in the June 2016 quarter.

The Company has, over the last 2 years, shown its ability to raise equity capital as required and believes that, based on current discussions with potential overseas investors and our Australian corporate advisors, it will be able to raise equity as needed. The Company will make such disclosures as are necessary when they are necessary, as required by the Listing Rules.

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

The Company expects that it will be able to continue its operations and to meet its business objectives based on its current levels of liquid assets and its ability to promptly raise capital.

4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

The Company confirms that it is in compliance with the listing rules and in particular Listing Rule 3.1 and that there is no information about its financial condition that should and has not already been released to the market. A comprehensive Shareholder Update was released to the market on 2 May 2016.

5. Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

The Company can confirm that it is in compliance with Listing Rule 12.2 and has sufficient assets to cover its liabilities and meet its ongoing commitments.

Yours sincerely,



Ken Richards
Managing Director
LEAF RESOURCES LIMITED



2 May 2016

Helen Pennisi
Company Secretary
Leaf Resources Ltd
PO Box 4037
Eight Mile Plains QLD 4113

By email:

Dear Ms Pennisi,

Leaf Resources Ltd (the “Entity”): ASX Appendix 4C Query

I refer to the Entity’s quarterly report in the form of Appendix 4C for the period ended 31 March 2016 lodged with ASX Market Announcements Platform and released on Friday, 29 April 2016 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$736,000; and
- cash at the end of the quarter of \$790,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
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?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.



When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am Australian Eastern Standard Time on Thursday, 5 May 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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. 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

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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

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 the Entity's securities under Listing Rule 17.1.

If you wish 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*.

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

Yours sincerely,

[sent electronically without signature]

Ivan Tatkovich

Adviser, Listings Compliance