



Leaf Resources Limited

ABN: 18 074 969 056

NOTICE OF ANNUAL GENERAL MEETING

Tuesday 25th October 2016

10.00am (Brisbane Time)

Grant Thornton, Sir Samuel Griffith Boardroom,
Level 18, 145 Ann St, Brisbane, Queensland, Australia

NOTICE OF ANNUAL GENERAL MEETING 2016

The Annual General Meeting of Leaf Resources Limited (**Company**) will be held at 10:00am (Brisbane time) on Tuesday 25 October 2016 at Grant Thornton, Sir Samuel Griffith Boardroom, Level 18, 145 Ann St, Brisbane, Queensland for the purpose of transacting the business set out in this notice.

ORDINARY BUSINESS

Item 1: Financial statements and reports

To receive and consider the financial report, directors' report and independent auditor's report for the Company and its controlled entities for the year ended 30 June 2016.

Note:

This item of business does not require Members to vote on a resolution or to approve these reports.

Item 2: Remuneration report (Resolution 1)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the remuneration report of the Company for the year ending 30 June 2016 as set out on pages 15-24 of the Company's 2016 Annual Report be adopted."

Note:

Under the *Corporations Act 2001 (Cth)*, the vote on this resolution is advisory only and does not bind the Directors or the Company.

Item 3: Re-election of Director (Resolution 2)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Matthew Morgan, who retires by rotation and being eligible, be re-elected as a Director of the Company."

SPECIAL BUSINESS

Item 4: Approval of previous issues of securities (Resolution 3(a) to 3(e))

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Members approve the previous issue of the following:

Resolution 3(a)

"4,635,971 Shares at \$0.13 per Share on 19 November 2015 to the parties, for the purposes and on the terms, set out in the Explanatory Statement."

Resolution 3(b)

"750,000 Shares at \$0.13 per Share on 1 December 2015 to a sophisticated and professional investor, for the purposes and on the terms set out in the Explanatory Statement."

Resolution 3(c)

"5,228,759 Shares at \$0.125 per Share on 1 August 2016 to Claeris HoldCo, LLC and for the purposes and on the terms set out in the Explanatory Statement."

Resolution 3(d)

"1,045,752 Shares at \$0.125 per Share on 1 August 2016 to a sophisticated and professional investor, for the purposes and on the terms set out in the Explanatory Statement."

Resolution 3(e)

"190,080 Shares at \$0.125 per share on 1 August 2016 to a consultant, for the purposes and on the terms set out in the Explanatory Statement."

Item 5: Approval of 10% Placement Facility (Resolution 4)

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Members approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Item 6: Approval of share issues to Director as payment of Director's fees (Resolution 5)

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Members approve the issue of 161,700 Shares to Mr Charles Wilson as settlement for director's fees owing to him for the period 1 January 2016 to 30 June 2016 on the terms and conditions set out in the Explanatory Statement."

Item 7: Approval of performance rights issue to Managing Director under the Employee Performance Rights Plan (Resolution 6)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Members approve the grant and issue of a total of 909,090 performance rights to the Company's Managing Director, Mr Ken Richards, on the terms and conditions set out in the Explanatory Statement."

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Directors have determined that persons who are registered holders of Shares in the Company as at 7:00pm (Brisbane time) on Sunday 23 October 2016 will be entitled to attend and vote at the Meeting as a Member. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

On a poll, Members have one vote for every Share held (subject to the restrictions on voting referred to on pages 6 and 7).

PROXIES

If you are a Member entitled to attend and vote, you may choose to appoint a proxy.

The proxy need not be a Member of the Company. A Member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Member's votes.

If you want to appoint one proxy, please use the form provided. If you want to appoint a second proxy, an additional voting form may be obtained from the Company's share registry (refer to the contact details below) or you may copy the voting form.

To be effective, the voting form, together with the original or a certified copy of the power of attorney (if any) under which the voting form is signed, must be received no later than 10:00am (Brisbane time) on Sunday 23 October 2016 (48 hours before the commencement of the Meeting).

Please refer to the enclosed voting form for completion and lodgement instructions.

CORPORATE REPRESENTATIVES

A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001 (Cth)* in which case the company will require written proof of the representative's appointment which must be lodged with or presented to the company before the Meeting.

ADMISSION TO MEETING

Members who will be attending the Meeting, and not appointing a proxy, are asked to bring the voting form to the Meeting to facilitate prompt admission.

Members who will not be attending the Meeting are encouraged to complete and return the voting form for each of their holdings of Shares.

If necessary, a replacement voting form may be obtained from the Company's share registry (refer to the contact details below).

QUESTIONS AND COMMENTS BY MEMBERS AT THE MEETING

In accordance with the *Corporations Act 2001 (Cth)*, a reasonable opportunity will be given to Members to direct questions to the Chairman about, or to make comments on, the management of the Company at the Meeting.

Similarly, a reasonable opportunity will be given to Members to ask the Company's external auditor, Grant Thornton, questions relevant to:

- a) The conduct of the audit;
- b) The preparation and content of the auditor's report;
- c) The accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) The independence of the auditor in relation to the conduct of the audit.

Members may also submit a written question to Grant Thornton if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2016. Relevant written questions for Grant Thornton must be received no later than 5:00pm (Brisbane time) on Tuesday 18 October 2016. A list of any such questions will be made available to Members attending the Meeting, and Grant Thornton will either answer the questions or table written responses at the Meeting. If written responses are tabled at the Meeting they will be made available to Members as soon as practicable after the Meeting.

Please send any written questions for Grant Thornton:

- To the Company's share registry – refer to the contact details below, or
- To the Company – by fax: +61 (7) 3375 1168, or by email: info@leafresources.com.au by no later than 5:00pm (Brisbane time) on Tuesday 18 October 2016.

CONTACT DETAILS FOR SHARE REGISTRY

Mail: Leaf Resources Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Telephone: + 61 (2) 8280 7454

Facsimile: +61 (2) 9287 0309

Email: registrars@linkmarketservices.com.au

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on:

Resolution 1 by, or on behalf of:

- a) a member of the key management personnel as disclosed in the remuneration report (**KMP**); and
- b) a closely related party (such as close family members and any controlled companies) of those persons (**CRP**),

unless the vote is cast by:

- a) a person as proxy for a person who is entitled to vote, in accordance with the written direction on the proxy form that specifies the way they are to vote; or
- b) by the Chairman of the Meeting as proxy for a person who is entitled to vote, and the proxy form expressly authorises the Chairman to vote even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Resolution 3(a) by a person who participated in the issue of Shares and any associate of that person.

Resolution 3(b) by Melbourne Capital Limited and any associate of Melbourne Capital Limited.

Resolution 3(c) by Claeris HoldCo, LLC and any associate of Claeris HoldCo, LLC.

Resolution 3(d) by Steve Robson and any associate of Steve Robson.

Resolution 3(e) by Jonathan Charles and any associate of Jonathan Charles.

Resolution 4 by:

- a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- b) any associate of that person.

Resolution 5 by:

- a) Charles Wilson and any associate of Charles Wilson; and
- b) a member of the KMP or a CRP appointed as a proxy, unless the appointment specifies the way the person is to vote on resolution 5.

Resolution 6 by:

- a) Ken Richards (the only Director being entitled to participate in the Employee Performance Rights Plan) and any associate of Ken Richards; and
- b) a member of the KMP or a CRP appointed as a proxy, unless the appointment specifies the way the person is to vote on resolution 6.

The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Please refer to the important information about the appointment of proxies.

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice and should be read in conjunction with it.

By order of the Board of Directors



Helen Pennisi -Company Secretary

EXPLANATORY STATEMENT

Item 1 - Financial statements and reports

The *Corporations Act 2001 (Cth)* requires the Company to lay before the Annual General Meeting the financial report, directors' report and the independent auditor's report for the previous financial year. Copies of these reports have been sent to Members and are available on the Company's website at www.leafresources.com.au.

A printed copy of the Company's 2016 Annual Report has been sent only to those Members who have elected to receive a printed copy.

No resolution is required for this item, but Members will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the Meeting and Members will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

Item 2 - Remuneration report (Resolution 1)

A resolution for the adoption of the remuneration report is required to be considered and voted on in accordance with the Corporations Act. The remuneration report is set out on 15-24 of the Company's 2016 Annual Report and identifies the Company's key management personnel (**KMP**). They include all Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

This remuneration report:

- explains the principles used to determine the nature and amount of remuneration paid to KMP;
- explains the link between the remuneration of KMP and the Company's performance;
- provides details of the actual remuneration elements paid to KMP; and
- provides a summary of the terms of employment of the Managing Director and other KMP.

A reasonable opportunity will be provided for discussion of the remuneration report at the Meeting. The resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and comments on the remuneration report made by Members at the Meeting when reviewing the Company's remuneration policies.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on this resolution.

The Chairman of the Meeting is entitled to vote undirected proxies on this resolution which is connected with the remuneration of the Company's KMP. If you appoint the Chairman as your proxy and wish to support this resolution, please mark an "X" in the box at Step 1 on the voting form.

Any undirected proxies held by other KMP or any CRP will not be voted on this resolution.

As resolution 1 relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding resolution 1.

Item 3: Re-election of Mr Matthew Morgan (Resolution 2)

Rule 28.6 of the Constitution provides that at every Annual General Meeting of the Company one-third of the Directors, other than the Managing Director, must retire from office. In accordance with this rule, Matthew Morgan is required to retire by rotation at the 2016 Annual General Meeting, and, being eligible, stands for re-election in accordance with the Company's constitution. The Board has determined that Matthew continues to be independent. Matthew has served as a non-executive director of the Company since 21 July 2014.

Biography of Mr Matthew Morgan

Matthew has over 10 years of executive management experience in private equity funded portfolio companies and 7 years as a venture capitalist. He is experienced in capital raisings, mergers and acquisitions. He is currently a non-executive director of the Company and ASX-listed companies Brain Resource Limited and Diversa Limited. He is the principal of Millers Point Company, an advisory business that provides consulting and advisory services to emerging companies with high growth or turnaround objectives.

Matthew holds a B.Commerce, B. AppSc and an MBA from the Queensland University of Technology. He was also the first Australian to be awarded a Kauffman Fellowship.

Recommendation

The Board (Matthew Morgan abstaining) recommends that Members vote in favour of resolution 2, and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Item 4 - Approval of previous issues of securities (Resolution 3(a) to 3(e))

ASX Listing Rule 7.1 generally restricts listed companies from issuing more than 15% of their issued share capital in any 12 month period without Member approval. ASX Listing Rule 7.4 provides that where the holders of ordinary securities in a company subsequently approve a previous issue of securities, those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 provided that the previous issue did not breach ASX Listing Rule 7.1.

During the last 12 months, the Company issued Shares and Options to a number of parties in reliance of its 15% capacity under ASX Listing Rule 7.1 and additional 10% capacity under ASX Listing Rule 7.1A approved by Members at the 2015 Annual General Meeting. The Company is seeking approval under ASX Listing Rule 7.4 for certain of these previous issuances to partially reinstate the Company's capacity to issue securities up to 15% of its issued Shares without the approval of its Members in any 12 month period. In addition, if resolutions 3(c) and 3(e) are approved by Members and resolution 4 is also approved by Members, it will reinstate the Company's capacity to issue up to an additional 10% of its issued Shares without the approval of Members in any 12 month period under ASX Listing Rule 7.1A.

a) Resolution 3(a)

The following information is provided in relation to the issue of securities on 19 November 2015:

Number of Shares issued	4,635,971
Issue price	\$0.13 per Share
Terms of the Shares	Fully paid ordinary shares
Allottees	Sophisticated and professional investors identified by the Company.
Use of funds	To provide additional working capital for the commercialisation of the Company's Glycell™ process.

Recommendation

The Board recommends that Members vote in favour of resolution 3(a), and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

b) Resolution 3(b)

The following information is provided in relation to the issue of securities on 1 December 2015:

Number of Shares issued	750,000
Issue price	\$0.13 per Share
Terms of the Shares	Fully paid ordinary shares
Allottee	Melbourne Capital Limited
Use of funds	To provide additional working capital for the commercialisation of the Company's Glycell™ process.

Recommendation

The Board recommends that Members vote in favour of resolution 3(b), and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

c) Resolution 3(c)

The following information is provided in relation to the issue of securities on 1 August 2016:

	Shares
Number of securities issued	5,228,759 Shares
Issue price	\$0.125 per Share
Terms of the securities	Fully paid ordinary shares
Allottee	Claris HoldCo, LLC
Use of funds	To provide additional working capital for the commercialisation of the Company's Glycell™ process.

Recommendation

The Board recommends that Members vote in favour of resolution 3(c), and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

d) Resolution 3(d)

The following information is provided in relation to the issue of securities on 1 August 2016:

Number of Shares issued	1,045,752
Issue price	\$0.125 per Share
Terms of the Shares	Fully paid ordinary shares
Allottee	Steve Robson
Use of funds	To provide additional working capital for the commercialisation of the Company's Glycell™ process.

Recommendation

The Board recommends that Members vote in favour of resolution 3(d), and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

e) Resolution 3(e)

The following information is provided in relation to the issue of securities on 1 August 2016:

Number of Shares issued	190,080
Issue price	\$0.125 per Share
Terms of the Shares	Fully paid ordinary shares
Allottee	Jonathan Charles
Use of funds	No funds were raised from the issue. Rather, the Shares were issued in lieu of payment of cash fees payable to the consultant.

Recommendation

The Board recommends that Members vote in favour of resolution 3(e), and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Item 5 - Approval of 10% Placement Facility (Resolution 4)

ASX Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued share capital through placements in the 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity as its market capitalisation as at 2 September 2016 is \$22,382,153.

The Company is seeking Member approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below).

The Company may use the 10% Placement Facility to fund ongoing development.

Description of ASX Listing Rule 7.1A

The ability to issue equity securities under the 10% Placement Facility is subject to Member approval by way of a special resolution at an Annual General Meeting.

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. As at the date of the Notice, the company has on issue one class of quoted equity securities i.e. Ordinary Shares.

a) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Any issue of equity securities under the 10% Placement Facility will dilute the interests of Members who do not receive any Shares under the issue.

If resolution 4 is approved by Members and the Company issues the maximum number of equity securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Members calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of equity securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Current share issue capacity	Dilution when compared with the current issued share capital	Issue of 10% of the enlarged share capital		
		\$0.075 per share (50% decrease in issue price)	\$0.15 per share (Issue price)	\$0.30 per share (100% increase in issue price)
[150,014,351] Current issued share capital	10% issue	15,001,435 Shares	15,001,435 Shares	15,001,435 Shares
	Funds raised	\$1,125,108	\$2,250,215	\$4,500,431
[225,021,526] 50% increase in issued share capital	10% issue	22,502,152 Shares	22,502,152 Shares	22,502,152 Shares
	Funds raised	\$1,687,661	\$3,375,323	\$6,750,646
[300,028,702] 100% increase in issued share capital	10% issue	30,002,870 Shares	30,002,870 Shares	30,002,870 Shares
	Funds raised	\$2,250,215	\$4,500,431	\$9,000,861

The table has been prepared on the following assumptions:

- a) The issue price is \$0.15 based on the closing price of Shares on 2 September 2016.
- b) The current issued share capital has been calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at 16 September 2016.
- c) The Company issues the maximum number of equity securities available under the share issue mandate under ASX Listing Rule 7.1A.
- d) No options are exercised or converted into Shares.
- e) The table shows only the effect of issues of the Company's equity securities under the 10% Placement Facility, not under the Company's 15% placement capacity.

Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- i) the date on which the price at which the equity securities are to be issued is agreed; or
- ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

b) 10% Placement Period

Member approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or

- ii) the date of the approval by Members of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), **(10% Placement Period)**.

C) ASX Listing Rule 7.1A

The effect of resolution 5 will be to allow the Directors to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1A states that:

In addition to issue under ASX Listing Rule 7.1, an eligible entity which has obtained the approval of the holders of its ordinary securities under ASX Listing Rule 7.1A may issue or agree to issue during the period of the approval a number of equity securities calculated in accordance with the following formula:

$$(AxD)-E$$

A= *The number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue,*

- *plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2,*
- *plus the number of partly paid ordinary securities that became fully paid in the 12 months,*
- *plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4,*
- *less the number of fully paid ordinary securities cancelled in the 12 months.*

D=10%

E= *The number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.*

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Members present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Member, by a corporate representative).

Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a) The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days immediately before:
- i) the date on which the price at which the equity securities are to be issued is agreed; or
 - ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- b) If resolution 4 is approved by Members and the Company issues equity securities under the 10% Placement Facility, the existing Members' voting power in the Company will be diluted as shown in the above table (in the case of listed options, only if the listed options are exercised). There is a risk that:

- i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the equity securities are issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the equity securities.
- c) The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under resolution 4 for the issue of the equity securities will cease to be valid in the event that Members approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- d) The Company may seek to issue the equity securities for the following purposes:
- i) non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
 - ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued research and development, feasibility study and commercialisation expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under the ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- b) the effect of the issue of the equity securities on the control of the Company;
- c) the financial situation and solvency of the Company; and
- d) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under ASX Listing Rule 7.1A

- i) The Company has previously obtained Member approval under ASX Listing Rule 7.1A at its AGM on 25 November 2015.
- ii) The Company issued a total of 6,464,591 Shares in reliance of this approval which constitute 4.93% of the total Shares on issue at the date of that approval (25 November 2015).
- iii) The Company has issued a total of 38,583,944 equity securities since 25 October 2015, which constitute 32.60% of the total equity securities on issue at that date.¹ Details of all these issuances are set out in the table below.

Date	Number	Class	Allottees	Issue price / discount	Funds raised / use of funds
28 October 2015	3,736,883	Shares	Sophisticated and professional investors identified by the Company	\$0.13 / discount of 7.14% to closing price of Shares on issue date (\$0.14)	\$485,794.79 / all funds have been spent on commercialisation of

¹ The Company also issued a total of 1,500,000 Shares upon the exercise of 1,500,000 Options. However, this did not impact the number of equity securities on issue as the new Shares replaced the exercised Options.

Date	Number	Class	Allottees	Issue price / discount	Funds raised / use of funds
					the Company's Glycell™ process
28 October 2015	1,000,000	Options *	Marc Sabourin, the Company's Executive Vice President for Business Development – Americas	Nil (exercise price of \$0.10) / closing price of Shares on issue date of \$0.14	N/A
19 November 2015	4,635,971	Shares	Sophisticated and professional investors identified by the Company	\$0.13 / nil discount to closing price of Shares on issue date (\$0.13)	\$602,676.23 / all funds have been spent on commercialisation of the Company's Glycell™ process
19 November 2015	9,492,373	Shares	Existing shareholders that participated in the Company's share purchase plan	\$0.13 / nil discount to closing price of Shares on issue date (\$0.13)	\$1,234,008.49 / all funds have been spent on commercialisation of the Company's Glycell™ process
1 December 2015	750,000	Shares	Melbourne Capital Limited	\$0.13 / discount of 18.75% to closing price of Shares on issue date (\$0.16)	\$97,500 / all funds have been spent on the commercialisation of the Company's Glycell™ process
1 December 2015	1,307,466	Shares	Jay Hetzel, Charles Wilson and Matthew Morgan	\$0.15 / discount of 6.25% to closing price of Shares on issue date (\$0.16)	No funds were raised from the issue. Rather, the Shares were issued in part payment of Directors' fees, salary or other services provided
15 June 2016	8,770,000	Shares	Sophisticated and professional investors identified by the Company	\$0.10 / discount of 13.04% to closing price of Shares on issue date (\$0.115)	\$877,000 / all funds have been spent on the commercialisation of the Company's Glycell™ process
15 June 2016	700,000	Shares	Alex Baker, the Company's Chief Operating Officer	\$0.10 being the exercise price of 700,000 Options exercised. The closing price of Shares on the issue date was \$0.115	\$70,000 / none of the funds have been spent, but will be used to provide additional working capital for the commercialisation of the Company's Glycell™ process
1 July 2016	869,608	Vested performance rights	Ken Richards and Marc Sabourin	Nil with closing price of Shares on issue date being \$0.115	N/A
1 August 2016	5,228,759	Shares	Claeris HoldCo, LLC	\$0.125 / discount of 24.24% to closing price of Shares on issue date (\$0.165)	US\$500,000, of which US\$300,000 has been spent on the commercialisation of the Company's Glycell™ process. The balance of funds will be used to provide additional working

Date	Number	Class	Allottees	Issue price / discount	Funds raised / use of funds
					capital for the commercialisation of the Company's Glycell™ process
1 August 2016	1,557,052	Options **	Claeris ManagementCo, LLC	Nil (exercise price of \$0.1375) with closing price of Shares on issue date being \$0.165	N/A
1 August 2016	1,045,752	Shares	Steve Robson	\$0.125 / discount of 24.24% to closing price of Shares on issue date (\$0.165)	US\$100,000 / none of the funds have been spent, but will be used to provide additional working capital for the commercialisation of the Company's Glycell™ process
1 August 2016	190,080	Shares	Jonathan Charles	\$0.125 / discount of 24.24% to closing price of Shares on issue date (\$0.165)	No funds were raised from the issue. Rather, the Shares were issued in lieu of payment of cash fees payable to the consultant (\$23,760)
15 September 2016	800,000	Shares	Alex Baker	\$0.10 being the exercise price of 800,000 Options exercised. The closing price of Shares on the issue date was \$0.135	\$80,000 / none of the funds have been spent, but will be used to provide additional working capital for the commercialisation of the Company's Glycell™ process

* Unlisted Options issued 28 October 2015 have an exercise price of \$0.10 and expire on 28 October 2018.

** Unlisted Options issued, subject to the terms of the Option Agreement with Claeris ManagementCo, LLC dated 15 July 2016, have an exercise price of \$0.1375 and expire on 15 July 2021, and vest:

- i. 519,018 Options on 15 July 2017;
- ii. 519,017 Options on 15 July 2018; and
- iii. 519,017 Options on 15 July 2019.

Voting Exclusion

A voting exclusion statement for this resolution is included in this Notice. As at the date of this Notice, the Company has not invited any existing Member or an identifiable class of existing Members to participate in an issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Members will be excluded from voting on resolution 4.

Recommendation

The Board recommends that Members vote in favour of resolution 4, and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

Item 6 - Approval of share issue to Director as payment of Director's fees (Resolution 5)

In order to conserve the Company's working capital, Charles Wilson has agreed to accept payment of his Director's fees (net of statutory superannuation guarantee amounts) for the period 1 January 2016 to 30 June 2016 in the form of Shares. Charles Wilson is owed \$19,404 by the Company in relation to his Director's fees for this period. The number of Shares to be issued to Mr Wilson will be determined by dividing \$19,404, being the Director's fees payable to Mr Wilson, by \$0.12, being the VWAP of Shares over the six-month period in which his fees accrued.

ASX Listing Rule 10.11 requires Member approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the proposed grants involves the issue of Shares to a related party of the Company, Member approval under ASX Listing Rule 10.11 is required.

The following information is provided in relation to the proposed issuance:

1. The related party is Mr Charles Wilson. He is a related party by virtue of being a Director;
2. The maximum number of Shares (being the nature of the financial benefit being provided) to be issued to Mr Wilson is set out in the table below:

Director	Total number of Shares held by Mr Wilson as at the date of this Notice	Maximum number of Shares to be issued to Mr Wilson under resolution 5	Total number of Shares and % voting power if Member approval for resolution 5 is obtained
Charles Wilson	10,327,776	161,700	10,489,476 – 7.02%

3. The Shares will be issued to Mr Wilson no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
4. The issue price is Nil. The Shares will be deemed to be issued at \$0.12 per Share. The value of Shares to be approved (at \$0.12 per Share) compared to Director remuneration foregone is set out as follows:

Director	Remuneration Foregone	Value of Shares to be approved
Charles Wilson	\$19,404	\$19,404

5. The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
6. In addition to Shares, Mr Wilson also holds 375,000 Options in the Company;
7. The primary purpose of the grant of Shares to Mr Wilson is to preserve cash resources of the Company and in lieu of payment of Director's fees as set out above. No funds will be raised from this share issue.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Wilson will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Recommendation

The Board (Charles Wilson abstaining) recommends that Members vote in favour of resolution 5, and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Item 7 - Approval of performance rights issue to Managing Director under the Employee Performance Rights Plan (Resolution 6)

The Company adopted the Employee Performance Rights Plan to incentivise eligible staff members, including Directors, to perform at a high level for the long-term. In accordance with ASX Listing Rule 10.14, approval is sought to issue the Managing Director, Mr Ken Richards, with 909,090 performance rights under the Employee Performance Rights Plan. The Employee Performance Rights Plan was approved by Members at the 2015 Annual General Meeting.

ASX Listing Rule 10.14 requires Member approval to be obtained to permit a director of an entity or an associate of a director of an entity, or a person whose relationship with the entity is, in the ASX's opinion, such that approval should be obtained, to acquire securities under an employee incentive plan.

The Board has approved a long term incentive grant of \$100,000 to Ken Richards to be effected by way of the issue of performance rights under the Employee Performance Rights Plan. It is proposed that 909,090 performance rights be issued to Mr Richards being \$100,000 divided by the VWAP of Shares during June 2016 of \$0.11 per Share.

The vesting conditions for the performance rights are:

- a) Continuation of employment until 1 July 2017; and
- b) If:
 - i. the VWAP of Shares during June 2017 is at least \$0.22 (i.e. at least double the VWAP of Shares during June 2016), 100% of the performance rights will vest;
 - ii. the VWAP of Shares during June 2017 is less than \$0.165 (i.e. less than 50% higher than the VWAP of Shares during June 2016), no performance rights will vest;
 - iii. the VWAP of Shares during June 2017 is between \$0.165 and \$0.22, between 50% and 100% of the performance rights will vest on a pro-rata basis.

If the performance rights vest, they will vest in three equal tranches on 1 July 2017, 1 July 2018 and 1 July 2019 respectively. There is a further condition of continued employment attached to each tranche meaning Mr Richards must be employed on 1 July 2018 and 1 July 2019 for the second and third tranche to vest, respectively.

ASX Listing Rule 10.15 requires certain information to be given to Members. This information is supplied in the table below.

Name of Director	Ken Richards
Details of proposed issue	
Maximum number of performance rights (securities) to be approved under Resolution 6	909,090
Date by which the Securities will be granted	Within one month of the resolution being passed.
Issue price	Nil, with a notional value of \$0.11 per performance right.
Details of issues during previous 12 months	
Number of performance rights (securities) issued to Ken Richards under the Employee Performance Rights Plan	777,780*
Acquisition price of each security	\$Nil

* This issue was approved at the 2015 Annual General Meeting.

Ken Richards is the only person referred to under ASX Listing Rule 10.14 entitled to participate in the Employee Performance Rights Plan.

Recommendation

The Board (Ken Richards abstaining) recommends that Members vote in favour of resolution 6, and the Chairman of the Meeting intends to vote undirected proxies in favour of this resolution even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Glossary

In this Explanatory Statement, and in the Notice, the following terms have the following meaning unless the context otherwise requires:

10% Placement Facility means the meaning given to it in Item 5 of the Explanatory Statement.

ASX means ASX Limited or the securities exchange operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Board means the board of Directors.

Company means Leaf Resources Limited.

Corporations Act means Corporations Act 2001 (Cth).

CRP of a member of KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company that the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the 'Explanatory Statement' set out in the second part of this document after the Notice.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries, directly or indirectly, including any Director (whether executive or not).

Meeting means the annual general meeting of the Members convened pursuant to the Notice for the purposes of considering the resolutions set out in the Notice.

Member means a holder of Shares.

Notice means the 'Notice of Annual General Meeting 2016' set out in the first part of this document before the Explanatory Statement.

Options means an option to acquire Shares.

Shares means fully paid ordinary shares in the Company.

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LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Leaf Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am on Sunday, 23 October 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



X99999999999

PROXY FORM

I/We being a member(s) of Leaf Resources Limited (ABN 18 074 969 056) and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 25 October 2016 at Level 18, 145 Ann St, Brisbane, Queensland 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of share issues to Director as payment of Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director Mr Matthew Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of performance rights issue to Managing Director under the Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a Approval of previous issues of 4,635,971 Shares at \$0.13 per Share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3b Approval of previous issues of 750,000 Shares at \$0.13 per Share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3c Approval of previous issues of 5,228,759 Shares at \$0.125 per Share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3d Approval of previous issues of 1,045,752 Shares at \$0.125 per Share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3e Approval of previous issues of 190,080 Shares at \$0.125 per share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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