

6 June 2016

Australian Securities Exchange Announcement

Placement raises \$795,000

Leaf Resources would like to advise that they have received commitments, principally through Lodge Partners from sophisticated investors for a placement of 7,250,000 ordinary shares at an issue price of \$0.10 as well as a conversion of 700,000 options exercisable at \$0.10 thereby raising a total of \$795,000.

The placement price of \$0.10 was the closing market price at the close of business on Wednesday 1st June 2016, when the company suspended its shares.

In addition to the funds from the placement, the company is expecting to receive a total of over \$650,000 from Joint Venture research fees, the Export Market Development Grant program and the R & D Tax Rebate in the near future.

Funds raised from the placement and the collections detailed above will be used to continue the commercialisation of Leaf Resources' Glycell™ Process in the USA, Europe, Asia and Australia.

Update

As detailed in recent shareholder updates, Leaf Resources is progressing scoping studies for two potential projects. The first project is in south east USA under a Joint Venture with ZeaChem (see announcement dated 2nd May 2016) and the second is in Europe under an MOU with Monaghan Biosciences.

Leaf Resources also recently announced that it has lodged an Australian provisional patent application (No. 2016901959) entitled "Method for extracting Silica", which details a method for extracting silica from organic material, including plant waste.

The importance for Leaf Resources of this new process is that plant material, particularly agricultural residues such as rice husk and straw, can be used as a source of high value silica. Once silica is extracted, the remaining biomass can be an attractive and cheap input into Leaf Resources' Glycell™ process. Glycell™ is a separate process that turns biomass into chemicals that can replace petrochemicals.

Leaf Resources is undertaking further testing to evaluate the quality of the silica extract and determine its industrial use. There are wide-ranging applications for silica, depending on the grade. The highest grade silica can be used in the manufacture of microchips – an industry that is estimated to be worth in excess of US\$300 billion a year. (See announcement dated 2nd June 2016)

General

Leaf Resources continues discussions with various parties in the USA and Europe to accelerate and advance the commercialisation of the Glycell™ process. Details of future projects will be announced when finalised.

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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