31 January 2020

Australian Securities Exchange Announcement

December 2019 Quarterly Update

Leaf Resources Limited (ASX: LER) is pleased to provide an update on its activities for the quarter ended 31 December 2019.

The Company is ahead of its internal milestone timelines and during the past quarter has continued to progress towards its objective of establishing the first Malaysian biorefinery project using Leaf's proprietary Glycell™ technology.

Operational Update

Malaysian Project

On 13 January 2020, Leaf Resources announced confirmation of a critical milestone with the receipt of correspondence from the Malaysian Technical Depository Agency (TDA) regarding the acceptance and completion of the Company's application for funding consideration under the Industry Collaboration Program (ICP).

The TDA advised that it will now commence the second stage and seek to match Leaf's proposed Malaysian biorefinery project with the ICP program and Malaysian government procurement obligations. The Company has been advised that an initial candidate representing a major aerospace transport vendor has been identified with other candidates currently being assessed.

The ICP program provides funds for deployment on approved projects administered by the TDA, with US$11.2 billion available to support the development of projects that help create jobs, economic growth and technology transfer.

A successful outcome for Leaf through the ICP process would provide ~ US$5.0 million and facilitate funding of its Malaysian project through to a bankable feasibility report.

Queensland Project

The Joint Development Agreement with Gevo, Inc – a leading renewable fuels and chemicals manufacturer listed on the NASDAQ – continues to progress well. The agreement with Gevo is structured around three phases of joint work designed to establish a bankable project.

Phase 1 will develop the feasibility of a potential manufacturing facility in Queensland (incorporating Leaf's proprietary Glycell™ technology), followed by phases investigating the commercial development and commercialisation of the project. Gevo and Leaf will carry their own costs during phase 1 of the project, with further funding to be determined after completion of the phase 1 milestones.

Leaf has commenced the integrated engineering model within phase 1 and continues to progress its joint activities with Gevo on time and on budget, with the ultimate goal of establishing the capacity to process biomass utilising Leaf's technology coupled with Gevo to produce "green" jet fuel.

Currently there is approximately 12 million bone dry tonnes of available biomass produced in Queensland with more than 90% of this material from the sugar cane industry.

Corporate

R&D Tax Incentive
On 18 October 2019, the Company announced the receipt of $2,838,226 in respect of its entitlement under the Research and Development Tax Incentive Program for the 2019 financial year.

After settling the R&D financing loan to Radium Capital, the remainder of the funds, totaling approximately $900,000, is being utilised for ongoing working capital.

Annual General Meeting (AGM)
On 28 November 2019, the Board of Leaf Resources conducted its Annual General Meeting, with all resolutions passed.

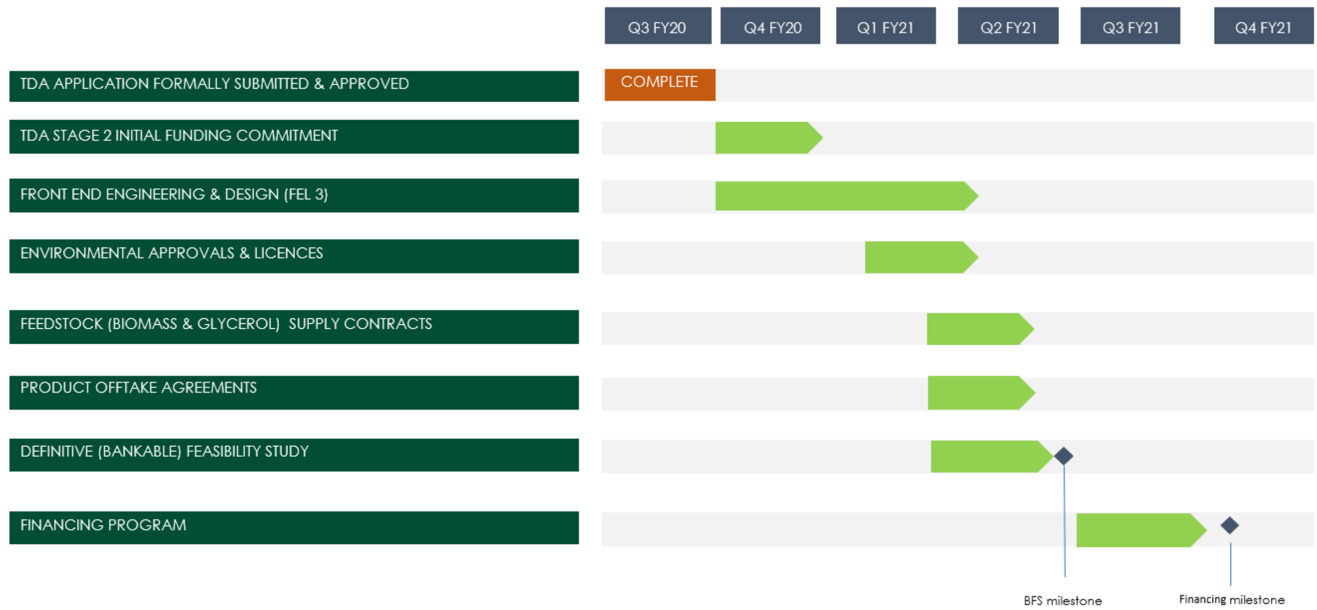
Outlook
The Company expects the period to 30 June 2020 to deliver additional positive progress in relation to the ICP process, as well as further developments in respect of the Queensland project. This will include further engagement with the Queensland Government and local partners.

The Board will continue to source incremental capital, as required, to progress the TDA application in support of ICP funding and to engage with the Queensland Government and Gevo to develop a bio-manufacturing hub in a sugarcane producing region of Queensland.

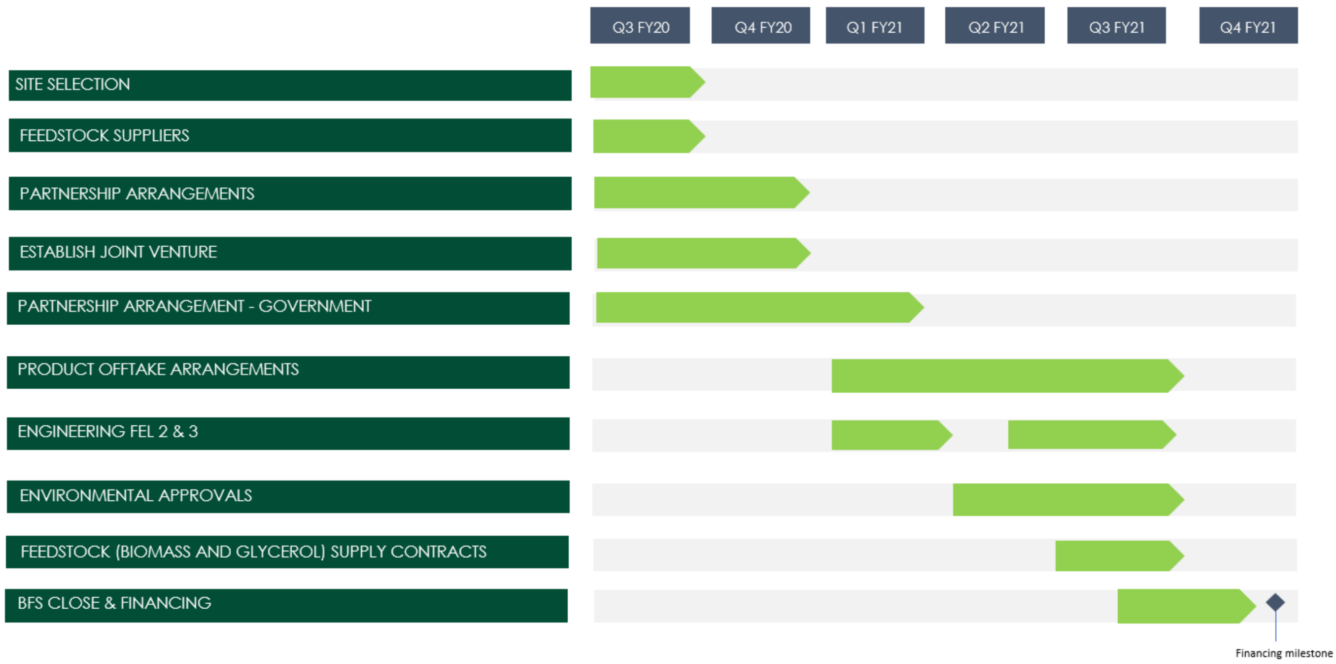
Following are the current milestone targets associated with both the Malaysian and Queensland projects.

SUSTAINABLE PRODUCTS FROM PLANT BIOMASS

KEY MILESTONES - LEAF MALAYSIA



KEY MILESTONES – QUEENSLAND BIOREFINERY PROJECT



ENDS

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

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

LEAF RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
18 074 969 056	31 December 2019

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	research and development	(264)	(495)
	(b)	product manufacturing and operating costs	-	-
	(c)	advertising and marketing	-	-
	(d)	leased assets	-	-
	(e)	staff costs	(337)	(886)
	(f)	administration and corporate costs	(152)	(322)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	-
1.5	Interest and other costs of finance paid		(107)	(107)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		2839	2839
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**1979**	**1029**

Note: 1.7 R&D Receipt of claim – refer ASX release of 18 October 2019

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	(19)	(19)
	(b)	businesses (see item 10)	-	-
	(c)	investments	(52)	(61)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	343
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(71)**	**263**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	497
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(30)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1805)	(1805)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(1811)**	**(1338)**

Note: 3.6 Repayment of loan advanced by Radium Capital - per ASX release of 18 October 2019

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	151	294
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1979	1029
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(71)	263
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1811)	(1338)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**248**	**248**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	248	151
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**248**	**294**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	208
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments to Directors consist of directors' salaries, fees and consulting fees for the quarter, including superannuation. This excludes any amounts that were unpaid as at the end of the quarter.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	0	0

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter ***	**$A'000**
9.1	Research and development	154
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	199
9.6	Administration and corporate costs	193
9.7	Other (provide details if material) (further investment in overseas subsidiary (37)	37
9.8	**Total estimated cash outflows**	**583**

* Note, the cash outflows will be offset by a capital raise that the directors have initiated.

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: ......31 January 2020...........
(Director)

Print name: ....Alex Baker...................................

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.