

31 July 2017  
Australian Securities Exchange Announcement

## Shareholder update

Leaf Resources (ASX: LER, "Leaf" or the "Company") is pleased to provide a quarterly update for the period ending June 30, 2017 together with more recent events through to the 31<sup>st</sup> July 2017.

### Malaysian progress

As reported in the Company update on 10 July 2017, Leaf continues to progress towards the development of its first commercial scale facility in Malaysia.

The Company, along with its Development partner, Claeris, continues its discussions/negotiations with agencies of the Federal Government of Malaysia, the Agensi Inovasi Malaysia (AIM) and Malaysian Bio-economy Development Corporation. Leaf has announced that it now has two potential locations in Malaysia for its first commercial facility, in Sarawak and Johor.

While both locations will potentially host Leaf facilities in the future and are complimentary, the Johor site offers attractive advantages including:

1. An accelerated pathway to finalised construction;
2. An established supply chain of oil palm waste (empty fruit bunch - EFB),
3. Potential offtake customers within the park and;
4. Centralised utilities already in place. Whilst these facilities will need to be expanded to provide for the extra requirements of Leaf, the existing infrastructure provides significant costs savings and reduced construction time.

### Finance options

Leaf Development has analysed numerous financing options for the developments in Sarawak and Johor and believes that through various government, quasi-government and commercial finance opportunities an attractive project finance package (i.e. not utilizing Leaf Resources balance sheet) can be obtained. Relevant applications have already been lodged and are being progressed by the appropriate government agency.

## **BioNexus status**

BioNexus Status is a key part of the Malaysian National Biomass Strategy and is awarded to qualified international companies, providing them with a range of fiscal incentives, tax exemptions and grants in order to assist the growth of Malaysia's bio-economy. A list of the incentives was outlined in Leaf's market update released to the ASX on 10 July 2017.

During the quarter Leaf lodged its application for BioNexus Status in Malaysia through a wholly owned subsidiary of Leaf Development, Leaf Malaysia OpCo Sdn Bhd. Leaf expects to receive a response on the outcome of its BioNexus Status application in the first quarter of FY18.

## **EPC contractor**

Discussions continue with EPC contractors that possess the necessary credentials and experience in the bio-economy space, and financial capacity to undertake the Leaf projects in Malaysia.

## **Queensland**

The Queensland government has announced that Leaf Resources is one of two companies chosen as the next participants in the Government's Biofutures Action Plan.

The announcement took place at the BIO World Congress on Industrial Biotechnology in Montreal last week where Leaf Resources' COO Alex Baker was also presenting on Leaf's Glycell™ process and our activities in Malaysia.

The announcement was made by Queensland Minister for State Development Dr Anthony Lynham and detailed how Leaf Resources will scope out a potential location for a biorefinery site near a source of plant waste, ranging from sugar cane fibre, sorghum stalks or hardwood offcuts.

The Premier of Queensland Annastacia Palaszczuk said Leaf, headquartered in Darra, proposed a biorefinery using their patented technology to speed up and reduce the cost of converting plant waste into sustainable chemicals, biofuels and bioplastics, replacing products currently derived from petroleum.

"This is world-leading technology which has the potential to contribute to creation of future high-skilled jobs and investment opportunities in regional Queensland," she said.

"The Queensland Government is leading Australia's biofutures revolution through the Advance Queensland Biofutures 10- Year Roadmap and Action Plan"

The Biofutures Action Plan will see the Queensland Government invest in local and international businesses to boost Queensland's footprint in the industrial biotechnology and bio products sectors.

Further details of the Queensland Government's support for Leaf Resources will be announced to the market in the near future.

The announcement by the Queensland Government is available via this link:  
<http://statements.qld.gov.au/Statement/2017/7/25/biofutures-revolution-kicks-more-goals-for-regional-queensland>

### **Board strength**

The Company further strengthened its board during the quarter through the appointment of Mr Bill Baum as a non-Executive Director. Mr Baum brings extensive experience across the renewable and bio-based chemicals industry and is widely recognised as a leader in this field having held numerous director, executive and consultancy positions across his 40-year career.

In addition to Mr Baum's extensive skills and experience in the running of bio-chemical businesses, he also brings extensive relationships across north America and south-east Asia that will be invaluable as the Company rapidly moves towards commercial projects in these two regions.

The addition of Mr Baum to the board further ensures that Leaf has the right management and board in place to execute on the Company's strategy.

## Financial overview

The Company finished the quarter with a cash balance of \$574,000 which will be bolstered by funds raised through a \$1.5 million Rights Issue that the Company announced on 13 July 2017 and which closes on the 3<sup>rd</sup> August 2017. Leaf also expects to receive between \$500,000 and \$700,000 from the R&D Tax Rebate during the current quarter which will further bolster the Company's cash position.

## Outlook

Leaf will continue to pursue the opportunities in Malaysia as detailed in this update and the update of the 10<sup>th</sup> July 2017, and expects further developments in the next quarter.

In addition, the Company will start work on the Queensland feasibility study utilising its own and appropriate external resources.

**ENDS**

## About Leaf Resources Ltd (ASX: LER)

Leaf Resources is one of the world's leading companies in converting plant biomass into fermentable 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](http://www.leafresources.com.au)

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