

AGM 2017

October 2017

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Leaf Resources

*Biodegradable
packaging
enhances
Malaysian
strategy*

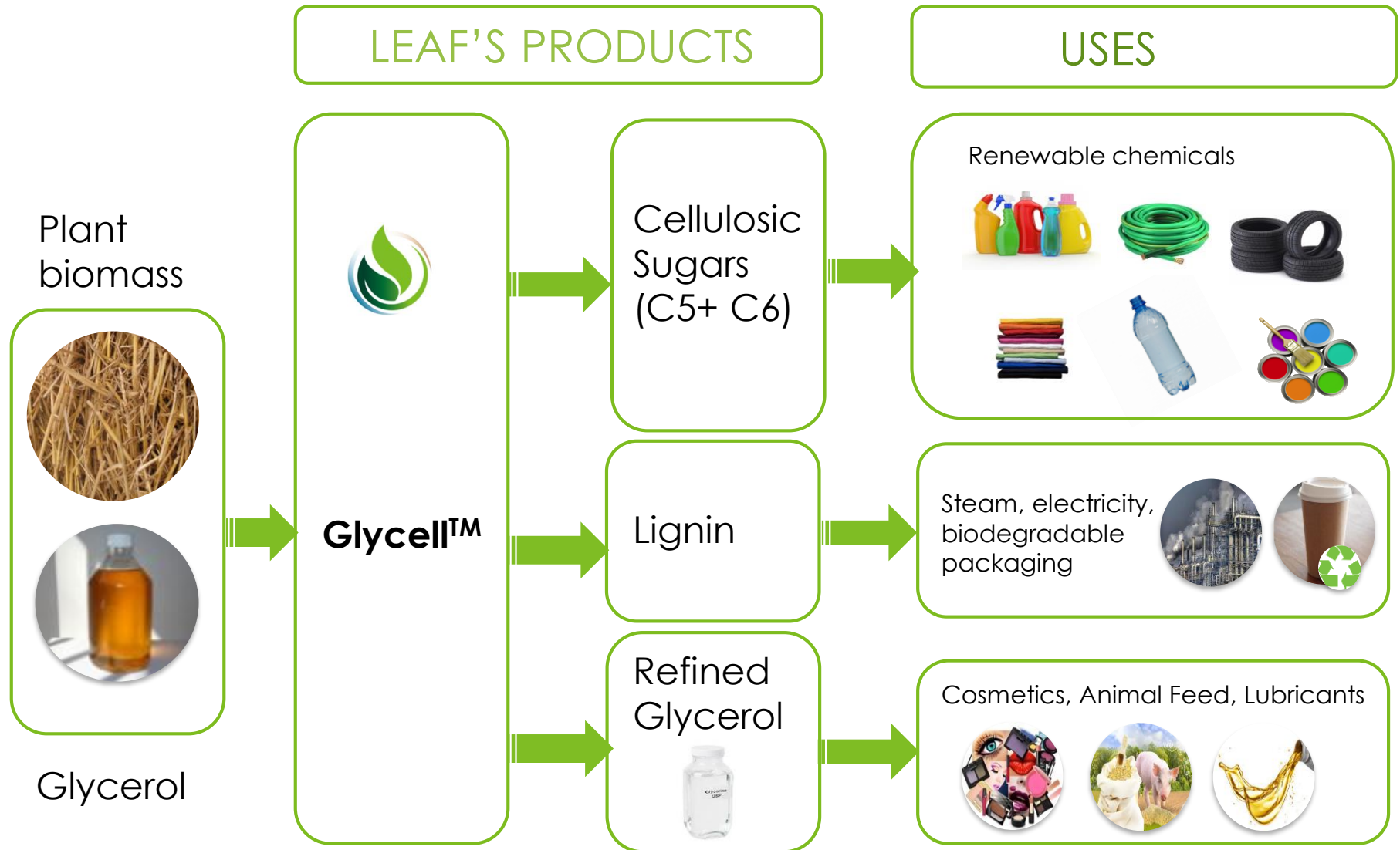
Malaysia

- First commercial site close in Johor
- Site provides utilities
- Tax incentives available from the Government
- Advantaged finance pathway identified, where Leaf could retain a substantial share of the profit

Biodegradable packaging

- Enhances our Malaysian Strategy
- Biodegradable, renewable and recyclable
- Low capital entry - short term cash opportunity

SETTING THE SCENE - A BIO-REFINERY PROJECT



The background of the slide is a close-up photograph of tall, thin grass stalks with reddish-brown seed heads. A semi-transparent white rectangular box is centered horizontally across the middle of the image, containing the title text.

BACKGROUND TO MALAYSIA



CLAERIS LLC – 5 PROJECT DEAL

- 15 year successful renewable project development experience.
- Prior projects generating IRRs >300% and creating >\$800m equity
- Strong representation and contacts in Malaysia



Commercial and investment banks



Financial sponsors



Strategic partners



MALAYSIA – IDEAL PLACE FOR THE BIO-ECONOMY



- **Bio-Nexus** status
- **Pioneer** status
- **Less Developed Area** Incentives

Up to 15 years tax free



Secure, long term and well biomass contracts and land available

National Biomass Strategy 2020

- RM30 Billion GNI
- reduce carbon emissions 12% and
- create 66,000 jobs



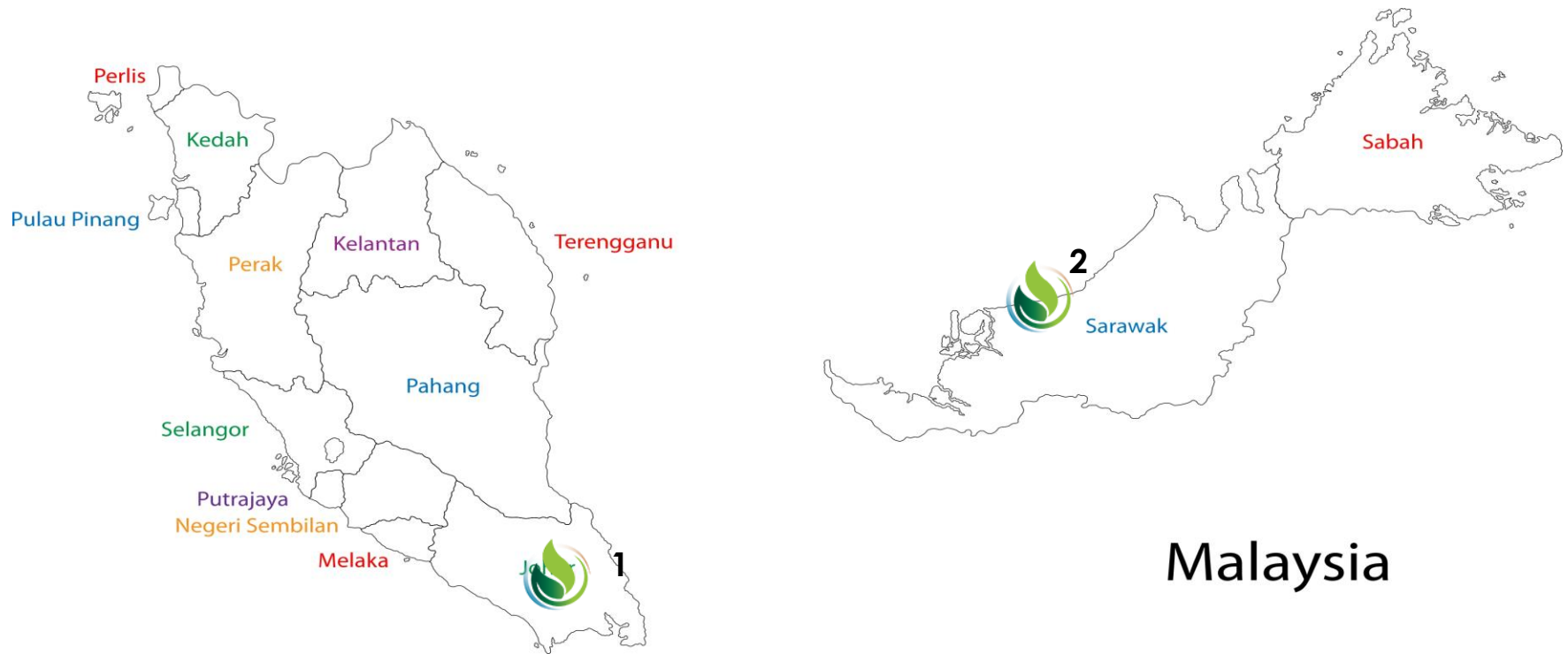
Relationships with Government

- Agensi Inovasi Malaysia (AIM)
- Malaysian Bio-economy Development
- Ministry of Plantation Industries and Commodity
- Malaysian Investment Development Authority (MIDA)



Advantageous ASEAN location

POTENTIAL MALAYSIAN PROJECTS



Malaysia

1. **Johor, Malaysia:** possible sites include existing utilities as well as an established supply chain of empty fruit bunch (palm oil waste) together with excellent logistics. Site still under negotiation. Potential first project.
2. **Sarawak, Malaysia:** Bio-hub being developed by the state government in Sarawak. Government supports the establishment of a 2G sugar facility and Leaf's Glycell™ process. Very large project being developed from scratch and therefore will take a little longer than Johor

POTENTIAL JOHOR PROJECT



- **Biomass:** Plentiful supply of biomass nearby
 - Johor produce 3.4 million MT pa of EFB
 - 52 palm mills < 120km: 10,000 MT per day. We need 275 MT per day
 - Potential for 100,000MT <\$60 per BDT
- **Glycerol**
 - Leaf has signed an exclusive agency agreement with HB International
 - HB International is one of the largest glycerol brokers in the world
 - Headquarters are in Paris, with offices in China, USA, India, Argentina, Malaysia and Singapore
 - Agreement covers the supply of raw glycerol and sale of refined glycerol
 - Over the past couple of years, HBI has distributed about 400,000 tonnes of glycerol per annum

FIRST PROJECT: MALAYSIAN PATHWAY



Site: First commercial site close in Johor

Negotiations
underway

Inputs

- **Biomass:** Readily available
- **Glycerol:** Agreement with HB International

Plentiful



Engineering

- **FEL2:** AMEC: US\$133m capital in US
- **FEL2:** Malaysia costs
- **FEL3:** Full engineering design, site specific.



Next step

Underway

Government incentives:

Bio-nexus status application under way (needs site)

Lodged

Sales: Sugars and Glycerol are sold into commodity markets



Finance: Pathway identified for advantaged, off balance
sheet finance

Negotiations
underway

FINANCING – ADVANTAGED & OFF BALANCE SHEET



- Malaysia has a strong Industrial Collaboration Programme (ICP) to support growth, jobs technology
- Leaf Malaysia is closely aligned with AIM's National Biomass Strategy 2020,
- TDA who runs the ICP currently has \$US11.2 billion credits in system, target of US\$17.5b by 2020;
- Claeris is handling negotiations, which are progressing positively

US\$11 Billions available to support national objectives

- As a primary funding source in Leaf's first project, it is expected that:
 - A classic finance project structure will be used, with equity (ICP) and debt;
 - ICP funder returns are capped, think debt return for equity participation;
 - Multipliers for 'strategic' projects are available, incentivising ICP funders;
 - Offsets funding can minimise the need for a large corporate raise by Leaf to fund the first plant

Potential for Leaf to retain substantial share of economic profit

LODGE PARTNERS PROJECT VALUATION*



Plant Size	Refined Glycerol sales ktpa	NPV (@10%) US\$	Annual NCF pretax US\$
100k bdt	60	\$442m	\$48m

Sales:

- **C6 sugars:** World commodity with market price and history.
- **C5 sugars:** Can be used with C6 – Model uses the C6 price. Can also have higher value uses as C5 only and potentially higher prices.
- **Glycerol:** Refined glycerol is a commodity in large market
- **Lignin:** Model assume burning for power

Capital: AMEC: US\$133 million excluding utilities, SE USA

*Table assumes 100% ownership. Leaf's percentage of the project is subject to negotiations & financing.
Extracts from report. Please read the whole report available at www.leafresources.com.au

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BIODEGRADABLE PACKAGING

BIODEGRADABLE PACKAGING LICENSE



Biodegradable, renewable and recyclable:

- Licensed a biodegradable barrier coating for paper and cardboard from QUTBluebox
- Strong and growing consumer preference towards biodegradable packaging
- A focus on developing new barrier coatings that are either renewably sourced, readily recyclable, biodegradable or all three.
- Literature/patent searches show the Leaf technology, is the coating closest to entering the market that fulfills all three requirements
- Biodegradable packaging market is \$US5b and growing at 17% CAGR

Potential markets (all very large)

- corrugated box
- mulching markets
- food contact (will need to be registered as an approved food contact product in each jurisdiction
 - potential solution to the disposable coffee cup problem.

COMPLEMENTARY TO OUR MALAYSIAN STRATEGY



Strong Strategic Fit for Leaf

- Enhances the economics of our Glycell™ process utilising, lignin and glycerol
 - Low capital requirement - Initial production can be toll manufactured
 - Leaf personnel possess the technical knowledge, skill and contacts
 - Licensing strategy could deliver shorter term cash flow
 - License is for exclusive use in USA, Canada, Brazil and Malaysia
-
- The Biodegradable packaging technology has the potential to deliver short term cash flow to Leaf.

QUEENSLAND BIO- FUTURES 10 YEAR ROADMAP



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

Honourable Annastacia
Palaszczuk Premier of
Queensland

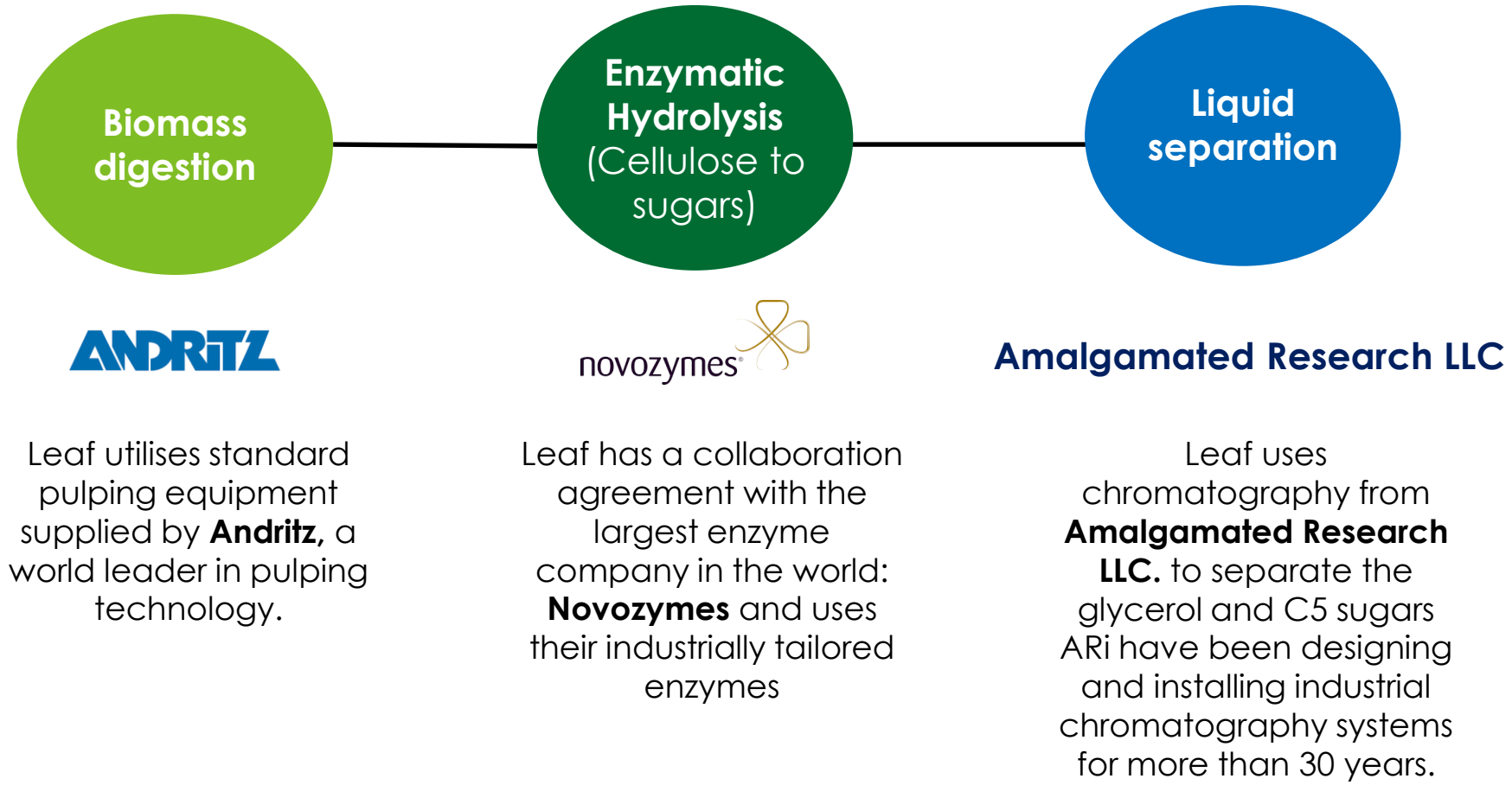
- Leaf selected for the Bio-futures program.
- Feasibility study for a bio-refinery site
- Looking at advantages and synergies with existing industry infrastructure
- Working with Government on agreement.



GLYCELL™ PROCESS VALIDATION

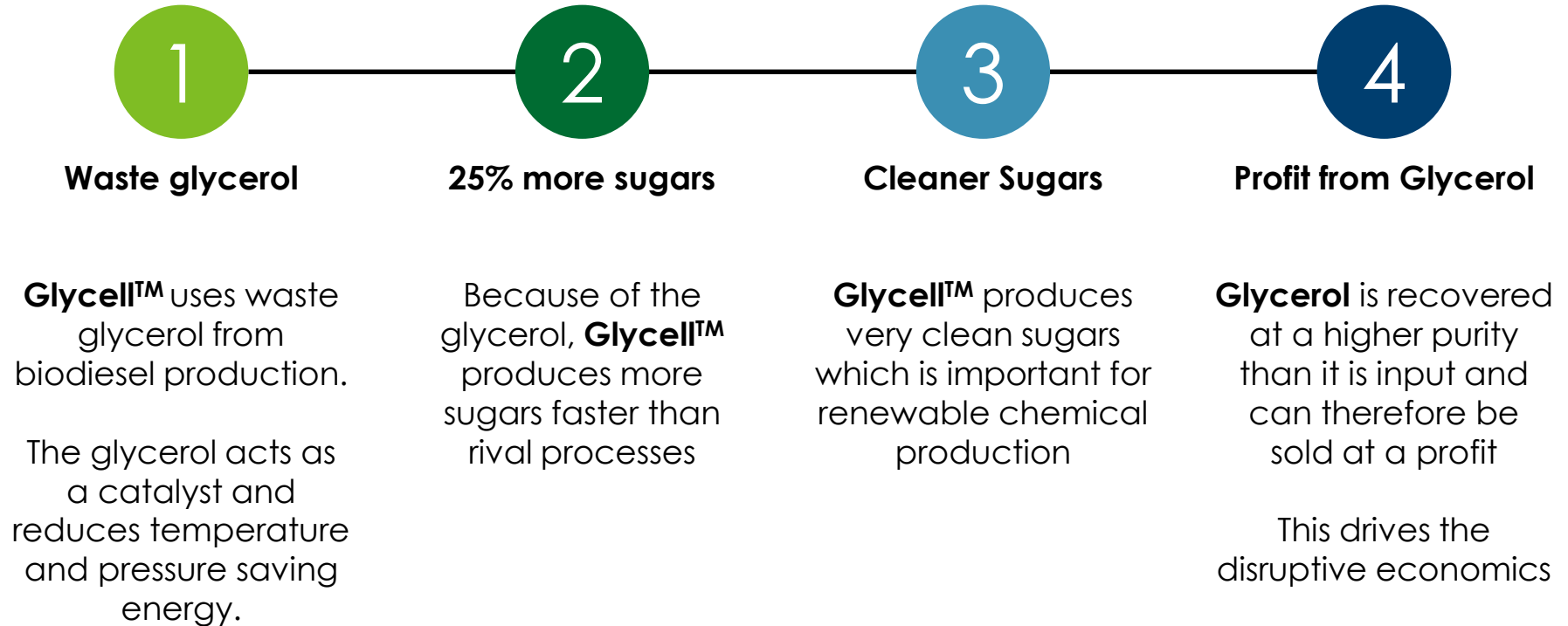


VALIDATION THROUGH THIRD PARTY PEERS



#4 OF THE 40 HOTTEST SMALL COMPANIES IN THE ADVANCE BIO-ECONOMY 2016/2017

GLYCEROL IS THE KEY



GLYCELL™ PROCESS IS TESTED & READY TO GO



Independent Engineers report:

Leidos Engineering confirmed that Leaf has demonstrated process feasibility of producing cellulosic sugars and recovering glycerol for recycling or sale



Comparison to rival process's

BPF in Holland ran a control against dilute acid and reported 25% More sugar.

Dilute acid and its variant steam explosion are the major incumbent processes



Sugar fermentation testing

Fermentation test on 2 common yeasts and a bacteria showed excellent fermentation results.

Individual testing has been carried out by a number of potential customer



FEL2 Engineering Study

AMEC Foster Wheeler undertook a review of the project and estimated total direct costs at US\$133M based on building a plant in SE USA.

NEXT STEPS



Malaysia:

Progress project:

- Secure Bio-Nexus status
- Select engineering company for FEL3
- Commence Integrated study and FEL3
- Secure financial package from Malaysia Government

Biodegradable packaging

- Commence negotiations with potential licensees
- Finalise negotiations with toll manufacturers

Malaysia:

Finalise construction plan

- Complete FEL3
- Bankable feasibility
- EPC contract

Malaysia:

Bed down Project:

- Option on land
- Option on Biomass
- Glycerol purchase and sale
- Convert FEL2 USA costs to Malaysian costs

July to October 17

November 17 to March 18

Post April 2018



*BFS: Bankable Feasibility Study

STRONG STRATEGY UNFOLDING



Malaysia

Malaysia is happening

- Ticks all the boxes
 - Land
 - Biomass
 - Government support
 - Financing
 - Right partners
 - Technology validation
 - Strong economics

Biodegradable packaging

Shorter term opportunity

- Potential for earlier sales
- Supports/enhances key Malaysian strategy
- We have right product
- Large growing market
- Low cash strategy for implementation

The Future growth

5 project deal with Claeris

- Another Malaysian site
- Queensland
- Europe
- USA

KEY INVESTMENT CONSIDERATIONS



Market

Huge market opportunity

Clear Pathway

To first commercial facility in Malaysia

**Advantaged
Finance**

**Potential for Leaf to retain a substantial share
of economic profit**

**Biodegradable
packaging**

Supports/enhances Glycell™ core strategy

**Strong
Validation**

**World leading companies
National & State governments**



THANK YOU

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APPENDIX 1: STRONG BOARD OF DIRECTORS



Dr JAY HETZEL
Chairman

Jay has had a distinguished scientific career with CSIRO for over 20 years in the field of animal genetics and genomics. In 1998 he co-founded Genetic Solutions Pty Ltd to commercialise genomics technology in livestock and the company was sold to Pfizer Animal Health in 2008. Jay has served on a number of industry and government advisory groups including the Queensland Biotechnology Advisory Council, Australian gene technology technical advisory Committee and the Life Sciences Queensland steering committee. Jay is a fellow of the Australian Academy of technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors.

Doug Rathbone
Director

Doug is a chemical engineer by profession, served as Chief Executive Officer and Managing Director of Nufarm Limited from 1982 to 2015. Under his leadership Nufarm transformed itself from a \$20m business to one with more than \$2 billion in sale as it became one of the world's leading crop protection and seed companies. He is currently Chairman of Rathbone Wine Group, a director of cotton seed distributors and AgBitech and a member of the Rabobank Advisory Board. He is a former Director of the CSIRO

MATTHEW MORGAN
Director
Chairman of Audit
Committee

Matthew has over 10 years of executive management experience in private equity funded portfolio companies and 7 years as a venture capitalist at Queensland Investment Corporation. He is experienced in capital raising, mergers and acquisitions. 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.

BILL BAUM
Director

Well known in the bio-based industry throughout the USA, Asia & Europe having executed \$500m of biotech and renewable product deals. Bill brings extensive chemical and energy industry experience from across the globe, to Leaf having worked as an independent consultant in bio-based chemicals and fuels with companies such as Triton Nutrition, Sirrus Chemicals, Sapphire Energy, Liquid Light, Yulex and SBI BioEnergy. He has also worked in executive roles with Genomatica, Gevo and Verenium

Ken Richards
Managing Director

See the Leaf Team slide 24

APPENDIX 2: THE LEAF TEAM



- **The Leaf team is highly suited to purpose:**
 - **Ken Richards (MD):** Track record in managing, growing and transitioning high growth companies, including several start-ups.
 - **Alex Baker: (COO):** Experienced C level manager who has a keen scientific brain but importantly also is very commercial with lots of business development experience in relevant fields.
 - **Dr. Les Edye: (R&D):** Internationally recognized in this field, Les heads up the Australian task force to the International Energy Agency task 39: Biomass to advanced fuels. He has several patents to his credit in related fields, is a former professor of chemistry at QUT and has worked for 15+ years in the sugar industry.
 - **Helen Pennisi: (CFO)** Helen is a CPA and holds a Bachelor of Business (Accountancy) from QUT, a Diploma of Financial Services (Financial Planning) and is a Chartered Tax Advisor.
- **International consultants: a vital part of the Leaf team who bring relevant expertise and contacts:**
 - **Bill Baum:** Well known in the bio-based industry throughout USA and Europe. Executed \$500m of biotech and renewable product deals.
 - **Brian O'Neil:** Project engineer who designed, built and operated similar demonstration plant, to Leaf's proposed plant.
 - **Dr. David Humbird:** Process Engineer who worked for NREL in USA and co-authored 2011 study on dilute acid, a seminal work in the field on a major rival process. Also designed, built and operated plant similar to Leaf's proposed plant
 - **Dr. Marc Sabourin:** 29 years professional experience in research & development, process engineering and project execution in the pulp & paper industry, including senior roles at Andritz.

APPENDIX 3: CAPITAL STRUCTURE (AUD\$)



	28 th October 2017
Ordinary shares on issue	202.9m
Options/ performance rights	24.0m
Current Price	\$0.105
Capitalisation	\$21.3m
Top 20 Shareholders	50.75%
Board and Management	12.1%
Cash	\$1.5m ¹
Enterprise Value	\$19.8m

¹Based on 30th September cash + refund due from R&D Oct 2017

APPENDIX 4: AWARD-WINNING PROCESS



#9 OF THE 40 HOTTEST SMALL
COMPANIES IN THE ADVANCE
BIO-ECONOMY 2017/2018

Awarded at Advance
Bio-economy Leaders
Conference in San Francisco
Nov 2017



NOMINATED AS ONE OF 3
FINALIST 'BREAKTHROUGH BIO-
BASED TECHNOLOGY
PLATFORM'

March 2016
World Bio Markets Bio Business
Awards



FINAL 5 SOFFINOVA
RENEWABLE CHEMISTRY START-
UPS AWARDS 2015

Bio World Congress
(Montreal)



FINALIST BANKSIA SUSTAINABILITY
AWARDS 2014

Innovator of the Year (Australia)



WINNER CONSENSUS
GREENTECH AWARDS 2014

(Australia)



PATENTS

PCT applications lodged
June 2014