

26 February 2018

Australian Securities Exchange Announcement

Leaf secures Malaysian biorefinery site for Glycell™ project

Highlights

- **Leaf Malaysia executes Option agreement for site in Segamat, Johor**
- **Site is ideally suited for Leaf's proposed Glycell™ biorefinery project**
- **Established industrial scale biomass supply chain at competitive cost**
- **Strategic local partner co-location with existing infrastructure & utilities**
- **Potential for Federal and State incentives with up to 15 year tax exemption**

As foreshadowed in our shareholder update released on the 31st January 2018, Leaf Resources (ASX: LER) ("Leaf" or "the Company") would like to advise that Leaf Malaysia, a wholly owned subsidiary of Leaf Resources and Claeris's joint venture company Leaf Developments LLC., have as expected signed a legal agreement for a two-year option on the land at Segamat, Johor, Malaysia.

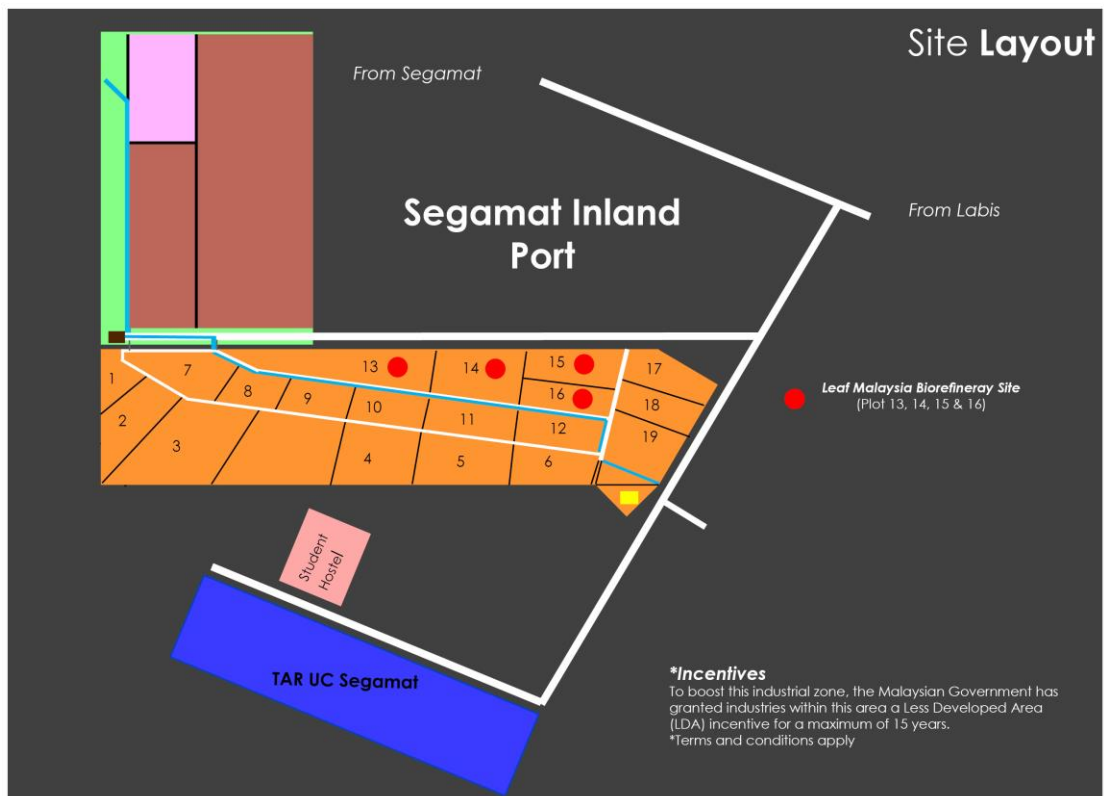
The terms for the option are as detailed in the ASX announcement of the 16th November 2017. Effectively, by securing the two-year option period Leaf Malaysian now has the necessary time to develop a site specific FEL3 engineering package, arrange permitting, progress offtake agreements, while negotiations and binding agreements are finalized with EPC contractor to then advance to construction stage of the biorefinery.

Site is highly suited to Leaf's proposed operations

Leaf is currently planning a 100,000 bone dry tonnes (BDT) per annum plant, which will process empty fruit bunch (EFB) waste from the palm oil industry to industrial sugars, glycerol and lignin. The site at Segamat, Johor is well established and has the following major advantages for Leaf's proposed project:

- **Excellent biomass availability** within an approximate 120 km radius of the site. There are 52 palm mills that can provide 10,000 metric tonnes (mt) per day of EFB biomass (Leaf's first commercial requirements for EFB biomass is 600 mt per day);
- **At scale EFB handling** with established facilities are adjacent to the site, which are currently handling up to 500,000 mt of EFB per annum;
- **Key utilities** are established adjacent to the site;

- **Excellent logistics** via the Segamat Inland Port, both rail and truck transport to Johor and Kuala Lumpur ports, and;
- **Income tax exemption:** The land comes with “Less Developed Area” incentives including Income Tax Exemption of 100% for up to 15 years of assessment. An application for this exemption has been lodged with the Malaysian Investment and Development Authority (MIDA).



Letter of Intent (LOI) with B&G

Leaf Resources previously announced on 13 December 2017, that Leaf Malaysia and Biovision & Greenergy Sdn Bhd (B&G) have signed a Letter of Intent (LOI) for the stated purpose of evaluating opportunities to collaborate or integrate existing operations in Segamat, Johor, including the provision of empty fruit bunch (EFB) biomass. These negotiations are proceeding as expected.

The land on which Leaf Malaysia has a two-year option, is immediately adjacent to B&G's facilities. The LOI between Leaf Malaysia and B&G has been signed on the basis of all Parties intention to pursue binding commercial agreements in relation to

the supply of 100,000 BTD per annum of EFB from B&G's handling facility and treatment process to Leaf Malaysia's biorefinery project.

B&G currently process 500,000 Mt of EFB annually and produce two products for export: dried long fibre and sludge palm oil as well as dried short fibre for power generation. The EFB is directly sourced from local palm mills.

The Parties have agreed to explore a range of potential business integration structures, including joint collaboration and value chain cooperation for the respective Segamat operations.

In addition, B&G will provide sufficient treated EFB to Leaf for any standard testwork required in the feasibility studies. Leaf expect no issues given the previous work completed at the Andritz test facilities (As announced 16 March 2016).

Ken Richards Leaf Resources, Managing Director commented:

"Our Malaysian project is progressing as expected with another important milestone being the formalization of this two-year option to purchase the site at Segamat. Securing the land allows us to progress our Less Developed Area application for tax concessions and start site related engineering work. This is an important day for a project that will bring considerable economic and environmental benefits."

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

Contacts:

Ken Richards (Managing Director)
Jay Hetzel (Chairman)

M: +61 403 385 051
M: +61 413 045 478