

28th November 2019

Australian Securities Exchange Announcement

CHAIRMAN'S ADDRESS

Good afternoon everyone.

It gives me great pleasure to welcome you all to the 2019 Annual General Meeting of Leaf Resources Limited and am looking forward to reflecting on our progress over the past 12 months and provide you with an outlook for the year ahead.

Leaf Resources is positioning itself to be a global leader in the quickly evolving 'green' chemistry market, helping to create viable alternatives to products using non-renewable petroleum-based chemistry.

The focus of this work at present is to build a bio-refinery in the Johor region of Malaysia, while we are also looking at opportunities within Australia.

Having developed our proprietary Glycell™ technology, which can convert agricultural and plant waste into industrial sugars and other products to be used in a range of industrial and manufacturing processes, we have spent the past 12 months progressing the commercialisation of this technology.

Key to our progress during 2019 was the completion of a Phase 3 integrated development study (IDS), which saw the Glycell™ process undergo fully integrated pilot testing in Europe. Leaf partnered with Bioprocess Pilot Facility (BPF) in Delft, The Netherlands, to undertake a series of studies that incorporate the necessary engineering and hardware components in pilot scale testing.

Success of this testing is integral to progressing the Malaysian biorefinery project through to a planned bankable feasibility study, project financing, and final approvals.

In conjunction to completing this Phase 3 study, we appointed TechnipFMC to conduct the Front End Loading level 3 (FEL3) study for our Malaysian biorefinery project. Building on the results from the IDS work, the FEL3 is a critical milestone in moving ahead with biorefinery development. The TechnipFMC team demonstrated a strong interest in being involved with the project and this work progressed well over the year.

We continue to receive support from the Malaysian Government to progress this development, including approval of tax incentives. During the year, the Government also granted Leaf a conditional manufacturing licence that enables the right to manufacture fermentable sugars, glycerol and lignin from the project. Working with TechnipFMC on the project will enable Leaf to fulfil further requirements of the manufacturing licence.

We recently announced the signing of a non-binding term sheet for an equity interest in Leaf Malaysia, the project company established to develop our Glycell™ biorefinery in Malaysia. The investment was structured to protect the economic share

of the Malaysian project for existing Leaf shareholders. The new local shareholding will assist Leaf Malaysia in qualifying for further potential Malaysian Government assistance, including possible funding being targeted under the Malaysian Technical Depository Agency (TDA) Industrial Collaboration Program (ICP). The program provides funds for deployment on approved projects administered by the TDA, with US\$11.2 billion available to help support the development of projects that create jobs, growth and technology transfer.

Leaf has progressed its application to the TDA which, in addition to project capital funding, seeks funding support for pre-construction expenses of the Malaysian biorefinery. A successful outcome will enable Leaf Malaysia to fund the project through to bankable feasibility stage.

The application for funding through the TDA is expected to take about three months, and following this, we expect the ICP Provider process to engage with an Original Equipment Manufacturer (OEM) with existing obligations through the program to provide funding, which will take another few months. Leaf is investigating the possibility of these processes being undertaken concurrently to shorten that timeline.

Also subsequent to year-end, Leaf signed a Joint Development Agreement with Gevo, Inc. Gevo is a leading renewable fuels and chemicals manufacturer listed on the NASDAQ exchange. The Colorado-based company is focused on the development and commercialisation of renewable alternatives to petroleum-based products, which aligns perfectly with what we are doing here at Leaf. Gevo's focus includes development and manufacture of mainstream fuels such as gasoline and jet fuel using renewable feedstocks that have the potential to lower greenhouse gas emissions. Among Gevo's customers is airline Virgin Australia.

Our agreement with Gevo will see us work with the Company to explore the potential use of cellulosic derived sugars and glycerol from Leaf and the ability to convert these to hydrocarbon molecules useful as fuels or chemicals.

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 facility, 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.

The synergies between what Gevo is delivering in the market, and Leaf's own technologies developed with Leaf's technology, is clear to see. Subject to the necessary R&D under this project, we see real potential to work with Gevo in the delivery of renewable alternatives to petroleum-based products, where we only expect demand to significantly increase over time

In a sign of growing interest in the evolving renewable chemicals industry, early in the financial year, we signed a Memorandum of Understanding with PETRONAS Chemicals Group Berhad in relation to our proposed Malaysian biorefinery project. The MOU provides for, among other things, a study of chemical markets and commercially ready biotechnologies. This may lead to an offtake agreement for the

fermentable sugars produced at the proposed Leaf facility on terms mutually agreed by the parties and consistent with global project finance standards, but this is yet to materialize.

In addition to our project in Malaysia, as I mentioned earlier, we are looking at opportunities in Australia, with a plan to develop a project in Queensland. During the year, we completed a prefeasibility study on a second-generation commercial biorefinery. The study assessed plans to develop a bio-manufacturing hub in a sugarcane producing region of Queensland. Funding assistance was provided by QLD government via a competitive grant, under the Biofutures Assistance Program to complete this study.

There are 12 million bone dry tonnes of available biomass produced in Queensland with more than 90% of this material from the sugarcane industry, of which 80% resides in North Queensland.

Leaf is actively pursuing the opportunity to take biomass through to end chemical product, and we expect to work more on this project over the next 12 months. During the year, Leaf was granted patents in Australia to protect the core intellectual property associated with Leaf's Glycell biorefinery technology. The company has more than 20 patent applications over four families, and these are in varying stages of examination in other jurisdictions including Malaysia, USA and Europe. We are hopeful to be granted more patents in 2020.

With several important milestones reached in recent months, we have a busy year ahead of us as we formalise the new ownership structure of Leaf Malaysia and complete our submission to the TDA, as securing funding from the ICP is important to the development of our Malaysian project and will allow us to finish the FEL3 study. We are continuing to engage with potential offtake partners and we also want to better define our plans for a project in Queensland. I am confident we can make great progress on these areas over the next 12 months and look forward to reporting this to our shareholders through the year.

Thank you.

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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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