

13 December 2016  
Australian Securities Exchange Announcement

## **Leaf Resources world-class partnerships**

### CEO Letter to Shareholders

Dear Shareholders,

As we draw toward the end of the year, my team and I would like to wish all of our shareholders a Merry Christmas and a safe and Happy New Year.

I would also like to take this opportunity to reflect on what has been a very busy and operationally successful 2016, which has brought our Company significantly closer to achieving our first commercial scale project development milestone.

In the past 12 months, Leaf has engaged with a number of world class partners, each of whom will continue to play a significant role in moving the Company closer to this key milestone.

These partners are global leaders in the fields of chemical project development, biological solutions as well as agencies of the federal and state governments of Malaysia. Below is a summary of the key partnership agreements and significant achievements that we have made in the past 12 months, as well as an overview of what our shareholders can look forward to in 2017.

#### **Novozymes**

Leaf announced a collaboration agreement with Novozymes, a US\$11 billion company and the world's largest producer of industrial enzymes (ASX December 7, 2016). This is, in Leaf's opinion, a very significant endorsement of our Glycell™ process given that Novozymes will invest time and resources to develop a customised enzyme mix that is optimised for Glycell™ even before we build a commercial plant.

Novozymes was ranked in the top ten in Fortune Magazines 2016 "Change the World" list, which recognises the world's top companies that are tackling some of society's biggest challenges.

Novozymes has also been recognised by Forbes as one of the world's most innovative companies and their CEO Peder Holk Nielsen was listed in Forbes top 30 global game changers, a list which also included names such as Alibaba founder Jack Ma, Google co-founder Larry Page and Tesla CEO and founder Elon Musk.

I cannot stress enough how significant this agreement is for Leaf. Not only has our technology been recognised by the world leader in biological solutions but we will also have some of the best biotechnology minds in the world developing a highly tailored enzyme package that will further enhance the benefits of the Glycell™ process.

### **Claeris, LLC joint venture**

Since entering into our five project joint venture (JV) with Claeris, LLC in July (ASX July 20, 2016), we have on countless occasions been reminded of how important this partner will be to the ongoing success of Leaf. The contribution from Claeris to our JV (Leaf Developments, LLC) has allowed our Company to rapidly progress along the path of commercialisation.

Claeris is a world-class project developer with a proven track record of developing large-scale, financially successful projects. Claeris' principals have more than 80 years' collective experience in developing green chemical projects.

Since 2005, they have developed, constructed and acquired more than 620 million gallons of renewable fuels and chemical production capacity. Along the way they have created equity value of more than US\$810 million and generated average equity returns of more than 300% for investors in their projects.

### **Malaysian Government**

Claeris' reputation and market reach opened doors to the Malaysian government, and in October, Leaf Developments signed agreements with agencies of the federal and state governments in Malaysia to advance the development of at least one commercial-scale, second generation, bio-chemical production facility which will utilise our Glycell™ process (ASX October 25, 2016).

The partnership with the Malaysian Government and the contribution of our development partner Claeris are providing us with access to local knowledge and contacts that have enabled us to progress this opportunity at a rapid rate.

The potential benefits of developing a project in Malaysia are compelling with abundant biomass available, sites near deep water ports and a government that will actively support and promote a bio-industry. We look forward to pursuing this opportunity with the Malaysian Government over the coming year.

### **Andritz Group**

Leaf Resources has had a long and successful commercial relationship with Andritz, which is a leading supplier of plant, equipment and services for pulp, paper and other industries.

Andritz have more than 25,000 employees and operate at more than 250 sites across the globe. The Company is listed on the Austrian Stock Exchange with a market capitalisation of €5 billion (\$7.1 billion).

Since 2013, our two companies have worked on the rigorous testing of the Glycell™ process in order to validate the technology and for Leaf Resources to provide potential partners with a set of results that have been processed and analysed by a highly respected third party.

Most recently Leaf and Andritz completed a joint study on the biomass known as Empty Fruit Bunch (EFB), a waste from the processing of palm oil, which showed the superiority of the Glycell™ process and which will be an important basis for the development of Leaf's first commercial scale project in south east Asia.

### **Doug Rathbone strengthens the Leaf Team**

The recent appointment of Mr Doug Rathbone to the Leaf Resources board as a Non-Executive Director will provide Leaf with additional expertise at a critical time in the Company's development (ASX October 21, 2016). Mr Rathbone is a highly successful Australian businessman and former Managing Director of NuFarm Limited (ASX: NUF), which he transformed from a \$20 million agricultural company to a global leader in crop protection with more than \$2 billion in annual sales.

Mr Rathbone's experience in building an international chemical company will give Leaf a significant boost in our journey to establishing ourselves as a global leader in the renewable chemicals industry.

### **Outlook for 2017**

I am excited about the year ahead and the opportunities for our Company now that we have formed partnerships with some of the world's leading companies in the green chemicals industry and bolstered the strength of our board with the appointment of Mr Rathbone.

It's not only updates on the development of the Malaysian plant that investors can look forward to in 2017, but we are also continuing our efforts to pursue opportunities in the south-east of the United States.

While there is still much hard work to be done, we have a clear path toward commercial scale production of renewable chemicals using the Glycell™ technology.

Once again, I would like to wish you and your family the very best this festive season and I look forward to continuing to provide you with updates in the New Year.



**Ken Richards**  
**Managing Director**  
**Leaf Resources Limited**

## **About Leaf Resources Ltd (ASX: LER)**

Leaf Resources is commercialising the Glycell™ process.

The Glycell™ Process is an innovative technology that uses a low cost, recyclable, biodegradable reagent glycerol, in a simple process that breaks down plant biomass into lignin, cellulose and hemicellulose at low temperature and pressure. The cellulose is then converted to cellulosic sugars through enzymatic hydrolysis and the lignin, hemicellulose and glycerol become valuable co-products.

Cellulosic sugars are a major feedstock for green, renewable biobased chemicals, bioplastics and biofuels, products whose markets are multi billion dollars in value and fast growing. Many biobased products can now economically replace petroleum based products.

The Glycell™ process can produce cellulosic sugars at under \$50 per tonne when co-products are included. This compares with \$220 per tonne for sugars produced from the conversion of corn starch, the cheapest alternative and \$280 per tonne for raw sugar.

By dramatically reducing the cost of the main feedstock for bio based chemicals, plastics and biofuels, the Glycell™ process has the potential to change the face of global renewable production.

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