



## LEAF RESOURCES LIMITED

Sustainable products from plant biomass

### Chairman's Address 2015 Annual General Meeting

I am pleased to report to shareholders that Leaf Resources is making outstanding progress towards commercialisation of our technology platform known as Glycell™. We believe that the Glycell™ process has the potential to reshape the economics of using large scale renewable biomass as a feedstock for the chemicals, fuels and materials industries, all of which are global, billion dollar industries that are growing. And although the commercialisation path ahead includes some challenges, the small but focused Leaf team is working hard and making excellent progress to realizing commercial outcomes for a number of biobased products made from renewable plant material.

Over the past year we have executed on a program of engaging with end users, conducting pilot trials to address their requirements and modelling of future production systems. In the course of the work, Glycell™ has proven to be a very cost efficient, robust and flexible process with the ability to efficiently produce high quality sugars from a wide range of feedstocks.

Ken Richards, our Managing Director will be giving you a Company update immediately following my address, but let me pick out some of the highlight achievements over the past year:

- Expansion of the range of feedstocks to include poplar, corn stover and palm oil waste in addition to bagasse and Eucalyptus;
- Incorporation of a glycerol recycling step to the Glycell™ process which will not only save considerable input cost but which also purifies the glycerol;
- An independent modelling study which projects a substantial operating and capital cost advantage for Glycell™ over the current industry practice of dilute acid pretreatment;
- A second modelling study for production of a renewable chemical which projected an after tax IRR of 81% (US\$720 million)
- And lastly, the setting up of jointly funded development and commercialisation projects with four companies that span the use of the Glycell™ process on poplar and forestry waste, agricultural waste, Radiata pine and mushroom straw waste.

In addition, over the past month (November), your company completed a share placement and a Share Purchase Plan to raise a further \$2.3 million for working capital. Of particular note was the response of more than 140 shareholders to subscribe for 9.4 million shares, thereby raising \$1.23 million and sending a strong message of support to the Leaf team.

In conclusion, Leaf Resources has truly entered the phase of commercialization, the outcomes of which will be joint ventures and/or licensing agreements. In each case, the Glycell™ process will be adapted and integrated into a production system with particular feedstocks and selected downstream processing technologies to produce bio-based chemicals and materials. We look forward to another successful year in 2016 and in particular, to keeping shareholders updated as we achieve key milestones.

**Dr Jay Hetzel**  
Chairman