

Cat-HTR™ Technology Innovators Licella Enter into New Joint Venture with Canfor to Form Arbios Biotech

Arbios Biotech creates a low-carbon circular economy by converting post-consumer biomass and residues into advanced biofuels

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October 14, 2020 – Licella Holdings Ltd. ('Licella') is pleased to announce the Company has entered into a new joint venture, Arbios Biotech ('Arbios'), with Canadian Forest Products Ltd. ('Canfor'). With a vision to provide low-carbon circular economy solutions around the world using Licella's breakthrough Cat-HTR™ technology, Arbios will create high-value, sustainable carbon-based products, including advanced biofuels, from post-consumer biomass and residues. Recognizing the Cat-HTR™ technology's proven flexibility, Arbios has increased its feedstock optionality.

Complementing Canfor Pulp and Licella's existing efforts on deploying the Cat-HTR™ technology in an integrated pulp plant setting, Arbios' sources of feedstock include a wide range of post-consumer biomass and residues. Given the significant potential upside from stand-alone plant applications, Arbios is currently prioritizing efforts to commercialize the Cat-HTR™ technology in this setting.

Licella Chief Executive Officer, Dr. Len Humphreys, said that Arbios represents the coming together of two global leaders with a shared vision.

"Arbios' mission is for a low-carbon circular economy around the world. By combining Canfor's extensive experience in the execution of large capital projects, forestry and large commercial plant operations with Licella's industry-leading Cat-HTR™ technology and innovative thinking, Arbios' world-class team is pioneering a sustainable bio-economy," said Dr. Humphreys.

The Cat-HTR™ technology delivers industry-leading greenhouse gas (GHG) reductions, with the carbon intensity ('CI') of Arbios' biocrude being at least 80% less than that of conventional crude. This CI reduction is achieved through the combination of highly energy efficient processes alongside the diversion of post-consumer biomass and organics from landfill, as well as reducing the demand for virgin fossil crude extraction.

"Charged with stewardship of a carbon-rich natural resource in many parts of the world, the forestry industry is uniquely positioned to play a leading role in our world's transition to a low-carbon future. Arbios represents an exciting opportunity for Canfor, in partnership with Licella, to make an impactful contribution to that transition," said Alan Nicholl, Canfor's Chief Financial Officer and Executive Vice President, Finance and Canfor Pulp Products Inc.

Arbios will be principally focused on the advanced biofuel sector in the short-to-medium term, reflecting its positive environmental footprint as well as the current market stimulus for low-carbon liquid transportation fuels in various parts of North America and Canada. Longer term, Arbios believes its

proprietary technology will enable it to expand into other highly attractive opportunities such as the biochemical and biomaterial sectors.

The first stage towards commercialization of a stand-alone Cat-HTR™ plant, Commercial Stage 1 ('CS-1'), is well underway at Licella's facility in Somersby on the NSW Central Coast, Australia. Despite various challenges presented by COVID-19, the Licella team in Australia has completed a number of successful trial runs on their Cat-HTR™ small pilot plant for Arbios, and also commenced commissioning of the CS-1 plant. Full commissioning and feedstock testing for Arbios' CS-1 plant is on track for the end of Q1 2021. Once completed, this CS-1 facility will process up to 5,000 tonnes of feedstock (producing approximately 10,000 barrels) annually and is anticipated to be one of the largest Hydrothermal Liquefaction ('HTL') facility in the world. Feedstock and products offtake discussions are also moving ahead on schedule.

Arbios Chairman Don Roberts said that the company is actively pursuing partnerships to help them achieve their ambitious goals.

"As we embrace the challenge to fulfill Arbios' vision & mission, we've assembled a team with relevant experience that spans three continents and multiple disciplines. Having said that, we have set ambitious goals and continue to seek out new partnerships to help us reach these goals. Collaboration is in our DNA – by design, and necessity," said Mr. Roberts.

For further information, please visit www.arbiosbiotech.com

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About Arbios Biotech - www.arbiosbiotech.com

Our Vision: Creating a low-carbon circular economy around the world

Our Mission: Collaboratively providing a circular economy solution for recovered resources, to enable the production of high-value and sustainable carbon-based products

About Licella Holdings - www.licella.com

Licella Holdings ('Licella') is the global leader in hydrothermal liquefaction ('HTL') technology, the 'next-gen' in biocrude production through de-polymerization of biomass wastes and residues (also known as 'post-consumer biomass'). The company's proprietary Cat-HTR™ ('Catalytic Hydrothermal Reactor') platform is the most commercially advanced HTL technology in the world and Licella continue to innovate and pioneer a range of solutions for a low-carbon circular economy. Developed over more than 12 years, the breakthrough Cat-HTR™ technology comfortably handles a wide range of biomass feedstocks, including wood residuals and other recovered resources. Licella are also currently commercializing their Cat-HTR™ technology for End-of-Life Plastics globally with Mura Technologies, with the first commercial Cat-HTR™ plant being built in the UK in 2021. In 2019, Licella was recognized as one of the 50 Next Companies to Disrupt the World at the Advanced Bioeconomy Leadership Conference.