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LEIGH CREEK ENERGY LIMITED (ASX: LCK)

Chairman's Address to the Leigh Creek Energy Limited Annual General Meeting 2016

Highlights

- **JORC and PRMS resource estimates**
- **Successful completion of \$10M placement**
- **Strategic partnership with Shanghai Electric Power Generation Group**
- **Establishing the LCK team**
- **Modelling and environmental baseline work progressing**

It is with pleasure that I welcome you to the Leigh Creek Energy Limited 2016 Annual General Meeting. Thank you for your attendance today and the continued interest you have shown in Leigh Creek Energy (LCK) (the Company). LCK has continued to grow over the past year, with a number of significant achievements. 2016 has seen the Company focus on achieving JORC and PRMS resource estimates, further understanding the resource at the Leigh Creek Energy Project (LCEP), building an exceptional team and progressing several key strategic partnerships.

We commenced the year with the clear direction of producing methane and then subsequently fertiliser from the LCEP. However, over the course of the year, it became apparent that due to changing market conditions in South Australia that electricity generation should become a key component of the LCEP. South Australia has seen a combination of events that have led to the attractive commercial position of being able to produce cheap reliable base load power. We have seen the closure of the Pt Augusta Power Station and the Leigh Creek Coal mine by Alinta (Flinders Power), an increase in intermittent non-base load wind and solar power generation and talk of the decommissioning of several coal fired power stations in Victoria that have all put increased pressure on large electricity users in South Australia being able to secure base load power.

Overall, the Company ended the year with \$8.6M cash at hand, following the successful completion of a placement in May 2016 of 35,374,969 shares to investors at \$0.30 per share, raising over \$10M. This placement was important in securing the Company's financial position, and was achieved despite difficult market conditions.

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Resource estimates

The Company was able to deliver two important milestones with the certification of the coal and gas resources at Leigh Creek. In January 2016, the Company announced the achievement of a 2C SPE-PRMS ISG gas resource of 2,963.9 PJ at the LCEP reported in accordance with the Society of Petroleum Engineers – Petroleum Resource Management System. This report followed, and utilised the Geological Modelling Report announced in December 2015, which provided the estimate of the Inferred Coal Resource reported in accordance with the JORC Code 2012.

The achievement of a gas resource of this size is significant, particularly in the context of the Australian gas market and the South Australian electricity market. This is an exciting and important milestone in the development of the LCEP and underpins our original assumption that the LCEP contains significant quantities of recoverable gas. The independent gas resource certification helps accelerate the LCEP development as it provides added confidence to domestic and international buyers of gas, investors in LCK and future debt providers.

Building of the LCK team

The operational milestones that we have reached have been possible due to the diligent, professional and experienced team who have and continue to deliver the engineering, environmental, geological, and community work required. We recently announced that our Managing Director Mr David Shearwood would be stepping down as Managing Director as of the 30th of September 2016. David has moved back to Sydney to be closer to his family. I would like to take this opportunity to thank David for his tireless work to strengthen and develop LCK. David was one of the founders of the company and he has overseen the growth of the company to where it is today. David retains his significant shareholding in the Company and will continue to be highly supportive of the Company moving forward.

With David stepping down we took this opportunity to restructure the company and to this extent we made several key senior appointments. Phil Staveley has taken on the role of CEO on a full time basis with expanded responsibilities (previously also holding down the CFO role), Justin Haines who is in charge of our operations has assumed the role of COO and Mark Terry takes on the role of CFO. I am pleased to say that all three positions were filled from within the Company and at no additional cost.

We continue to strengthen the board with members with suitable skill sets and are very pleased to have both Mr Greg English and Mr Murray Chatfield join as non-executive directors during the year. We will continue to work towards having a board where there is a majority of independent non-executive directors.

Strategic Relationships

The Company has formed a number of important relationships over the past 12 months, and I am extremely pleased to report that in April 2016 the Company signed a Heads of Agreement with Shanghai Electric Power Generation Group, to work on the formation of a joint venture company to build, own and operate a gas fired power station in South Australia. This relationship is important for the Company and the State as the building, owning and operating of a power station not only ensures the success of the LCEP but has the ability to provide cheaper, reliable long term base load power to industries and mines in South Australia.

The Company also announced the signing of a non-binding Heads of Agreement with APT Pipelines Limited, a subsidiary of APA Group. Under this Heads of Agreement, the Companies have been working together and reviewing options for the connection of the LCEP to the Eastern Australian gas markets.

The Company continues to maintain a strong relationship with Archer Exploration regarding the future supply of gas and electricity, and with AET Investments on the establishment of an ammonium nitrate plant.

Media

As a rule I don't like to comment on media speculation as it is not productive. However, it has been reported in various media that we have stopped drilling indefinitely, that there is large opposition to the project at Leigh Creek and that there is little public support.

Let me assure you we do have strong support from the majority of the community. For operational and strategic reasons and to enhance our community engagement efforts, we made the decision to delay drilling, which will be recommenced shortly.

We have had great support from the Northern Regional Community, the towns of Leigh Creek and Copley and we look forward to building on these relationships in the future.

Future of LCK

In conclusion, LCK remains committed and focused on delivering the LCEP and in the short term achieving gas demonstration. To reach this goal, significant environmental baseline studies are required and we are working towards their completion. Monitoring and baseline studies are well underway and this has been assisted by the Company's recent capital raise.

We have some significant milestones to achieve over the next 12 months. Amongst them being securing binding off take agreements, furthering our relationships with APT, Shanghai Electric and Archer Exploration, and most importantly the completion of baseline studies, permitting and the flaring of gas at Leigh Creek, as we work toward commercialisation.

I would like to thank all of our shareholders for your support over the last 12 months and all our employees and contractors for your commitment to the Company and our achievements of the last year and I look forward to updating the market of our progress over the next 12 months.

Justyn Peters
Executive Chairman
Leigh Creek Energy

Gas Resource Statement

Gas Resources reported in this announcement were initially reported and released to the ASX on 8 January 2016. Leigh Creek Energy Limited is not aware of any new information or data that materially affects the information included in the 8 January 2016 announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. All Estimates are based on the deterministic method for estimation of petroleum resources.

About Leigh Creek Energy

Leigh Creek Energy Limited (LCK) is an emerging gas company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value products such as electricity, methane and fertiliser from the remnant coal resources at Leigh Creek utilising In Situ Gasification technologies, and will provide long term growth and opportunities to the communities of the northern Flinders Ranges and South Australia.

The Company is committed to developing the LCEP using a best practice approach to mitigate the technical, environmental and financial project risks.

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