



27 April 2018

ASX ANNOUNCEMENT (ASX:LCK)

Quarterly report for the three months to 31 March 2018

Highlights

- ✓ Environmental Approval received for Pre-Commercial Demonstration facility
- ✓ Pre-Commercial Demonstration facility progressing
- ✓ Completion of 18-hole monitoring well program

Leigh Creek Energy Limited (“LCK”, or “the Company”) is pleased to provide its shareholders and the market with an update on the development of the Leigh Creek Energy Project (LCEP) in South Australia for the three months to 31 March 2018. LCK is an emerging energy company focussed on developing its LCEP in northern South Australia. LCK has a certified PRMS 2C Syngas Resource of 2963.9 PJ of syngas (refer ASX announcement January 8, 2016).

Events Subsequent to Quarter End

The Company announced on 19 April 2018 that it had received approval of its Statement of Environmental Objectives (SEO) for the Company’s Pre-Commercial Demonstration (PCD) stage of the LCEP. This constitutes the environmental approval for PCD operations and follows completion of the public consultation stage for the PCD.

Pre-Commercial Demonstration

The construction and operation of the PCD facility is a major de-risking event for LCK and a significant step toward commercialisation plans for the LCEP. The fabrication of the PCD is substantially complete. This plant will:

- ✓ Demonstrate the production of syngas from LCK’s gasification technology at Leigh Creek;
- ✓ Provide environmental and process data required for commercial scale approvals; and
- ✓ Deliver the economic parameters for final design and planning of the commercial plant.

With the work on the PCD accelerating, LCK expects to commence operation early in Q3 calendar 2018.

Approvals Update

In South Australia, Petroleum Exploration and Production activities are regulated under the *Petroleum and Geothermal Energy Act 2000* (PGE), which states that regulated activities must have an approved Statement of Environmental Objectives (SEO) in place with which they comply, prepared on the basis of an Environmental Impact Report (EIR).

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A three-stage process is undertaken through the PGE, being:

Stage 1 – Licensing – completed.

Stage 2 – Environmental Assessment and approval of Environmental Objectives (EIR and SEO) – completed.

Stage 3 – Activity Notification (AN) - prior to commencing on-site works, LCK must submit an AN to advise the Regulator of the specific activities that will be undertaken under the framework of the SEO. This work has begun.

Stage 2 – Environmental Approval Granted

Stage 2 approval – the environmental approval – was granted on April 19, 2018.

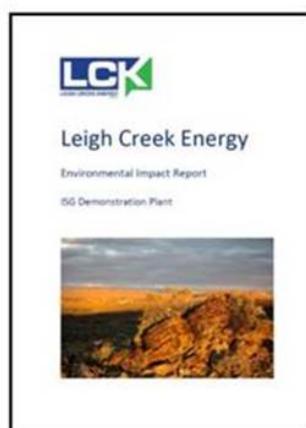
The EIR and Draft SEO were submitted to the Department of Premier and Cabinet (DPC – the regulator) for assessment late 2017 and DPC invited public comment on the EIR and Draft SEO. Copies of the EIR and Draft SEO were made available for members of the public and other regulatory agencies to review and submit comment to DPC by 28th February 2018.

LCK received a total of 94 written submissions from the formal public consultation undertaken by DPC for the EIR and Draft SEO. Of these submissions, 32 were in support of the proposed project and 62 were opposed. LCK reviewed the submissions and prepared responses to the topics raised to support the regulator’s assessment of the EIR and SEO.

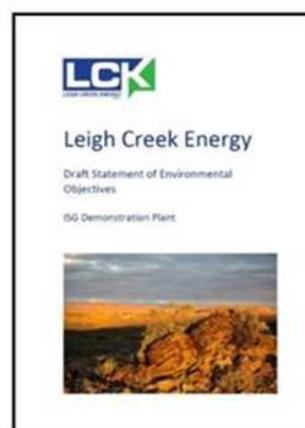
The final EIR and SEO with responses to the formal consultation are available to download via the Leigh Creek Energy website at: <http://www.lcke.com.au/Corporate-Responsibility/Environment>

Environmental Impact Report -
Leigh Creek Energy, ISG
Demonstration Plant, April 2018

Draft Statement of Environmental
Objectives - Leigh Creek Energy,
ISG Demonstration Plant, April 2018



Download the Environmental Impact
Report (PDF 17.1MB)



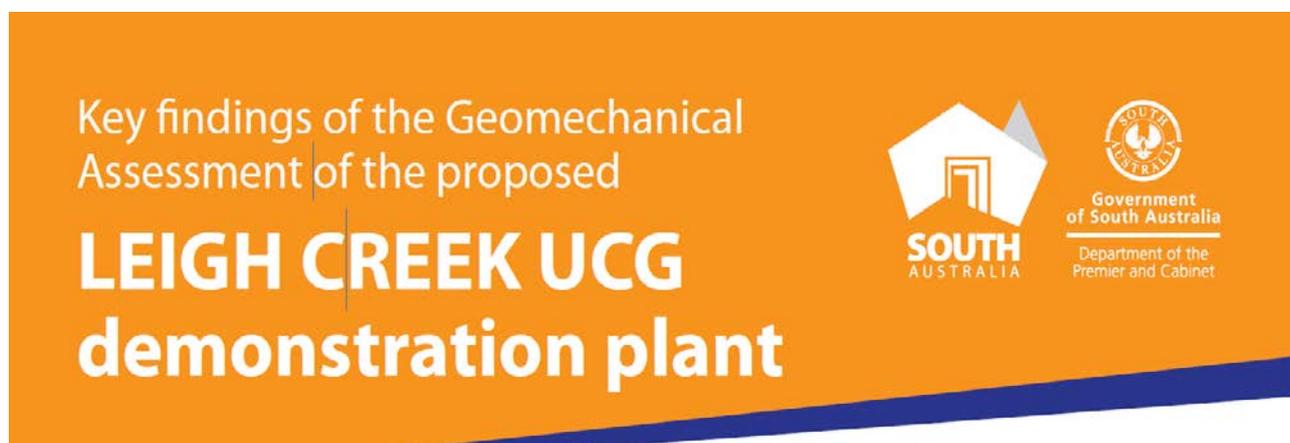
Download the Statement of
Environmental Objectives (PDF
1.52MB)

Regulator Assessment

As part of the process for assessing LCK's environmental documents for the PCD, the regulator sought advice from internationally acknowledged petroleum geotechnical advisory experts (Ikon Science Ltd (Ikon), based in London). The regulator sought advice from Ikon to independently assess the risk of reactivating existing faults/fractures and creating new ones in the geology surrounding the PCD site. The assessment conclusions were:

1. The rock that overlies the proposed pilot Underground Coal Gasification (UCG - a synonymous term of In Situ Gasification, or ISG) chamber and pre-existing faults are highly unlikely to be affected by planned and controllable operating conditions; and
2. The risks of UCG gases moving outside the pilot UCG chamber and the well (s) can be mitigated with fit-for-purpose well construction and close monitoring of operating pressures.

The key findings and assessment conclusions are available on the Department of the Premier and Cabinet – Energy Resources Division website.



Graphic of front page of Key Findings Report

The regulator also held 2 public briefings (with the Traditional Owners, the Adnyamathanha Traditional Lands Association and Engineers Australia) on the LCEP PCD during the quarter, communicating the recommendations of the Ikon Report, and also further promulgated the findings of the United States Lawrence Livermore National Laboratory regarding best practice guidelines for ISG operations.

The South Australian Government approved the SEO and gazetted it on 19 April 2018.

Operations

Preparation for the on-site works for the PCD continued.

1. Fabrication of PCD modules and supporting services and equipment are complete and are ready for transportation to site and then installation. Site installation and commissioning is expected to take approximately 7 weeks.
2. Completion of 18 environmental and groundwater pressure monitoring wells around the PCD site. Planning for installation of the PCD process wells and shallow environmental monitors are complete.

Actively Promoting the Company

LCK is committed to growing the Company and promoting the Company and its activities to retail and institutional investors, financial advisers, stockbrokers and investor associations across Australia. The Company undertook numerous investor and broker briefings and meetings during the March quarter, including participation in the Australian Investors Association (AIA) National Annual Investment Summit 2018 in Sydney on 23rd March.



LCK's display at the AIA event in Sydney on March 23rd

Recent uploads to the LCK website include interviews with LCK's Executive Chairman, Justyn Peters and the Grattan Institute's Energy Program Director, Tony Wood. You can view the videos at:

<http://www.lcke.com.au/News/Videos>



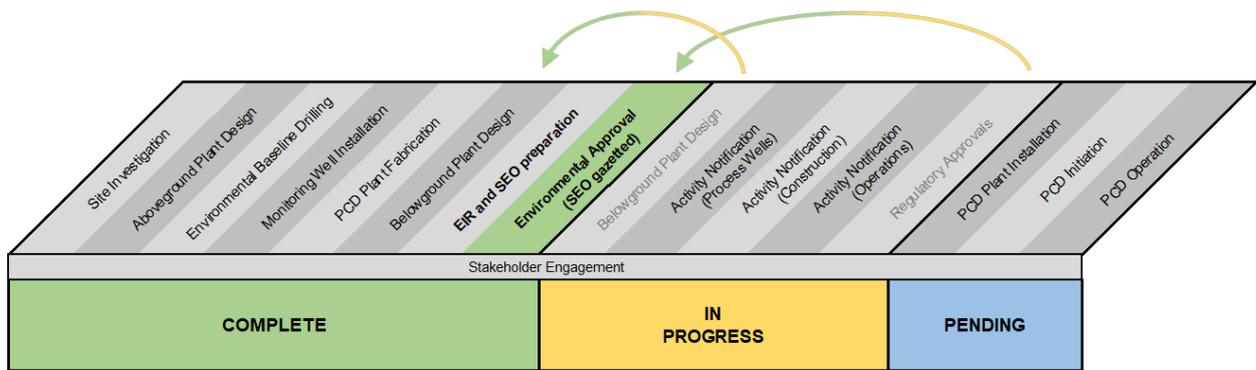
For further information about upcoming events please contact Tony Lawry at tony.lawry@lcke.com.au and **O** +61 8 8132 9101 | **M** +61 412 467 160.

Finance

As at 31 March 2018, the Company’s total cash balance was \$8.6m with total debt drawn of \$2.23m under the CBA R&D working capital debt facility. A summary of the cash flows for the quarter are attached in the Appendix 5B.

PCD Progress Summary

The driving focus of the LCK Operations team is towards ‘flaring’ of demonstration gas. Current and expected progress is represented in the following graphic:



Managing Director Commentary

Commenting on the quarterly progress, LCK Managing Director, Mr. Phil Staveley, said:

“Achieving the environmental approval is a major milestone for LCK. We now move our focus to completion of the Activity Notifications and gearing up for the operation of the PCD. The upcoming operation of the PCD will represent another significant de-risking activity. We expect that PCD operations will be followed shortly thereafter by the upgrading of a component of the Company’s gas resource at Leigh Creek, from Contingent Resource to a Reserve. This will confirm a significant new supply of valuable and critically required energy for Australia. We look forward to providing ongoing updates to the market during the operational phase for the Company.”

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Tenements

As of 31 March 2018, LCK had a 100% interest in the licences listed below, all in South Australia, through LCK's wholly owned subsidiary Leigh Creek Operations Pty Ltd:

- Petroleum Exploration Licence 650;
- Gas Storage Exploration Licence 662.

Leigh Creek Operations Pty Ltd also has the following licence applications in progress:

- Petroleum Exploration Licence Application 582;
- Petroleum Exploration Licence Application 643;
- Petroleum Exploration Licence Application 644;
- Petroleum Exploration Licence Application 647;
- Petroleum Exploration Licence Application 649; and
- Minerals Exploration Licence Application 2017/00197.

Leigh Creek Energy – bringing reliable energy to South Australia

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About Leigh Creek Energy

Leigh Creek Energy Limited (LCK) is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value products such as methane, electricity and potentially fertiliser and industrial explosives from the remnant underground coal resources at Leigh Creek utilising In-Situ Gasification (ISG) 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.

LCK acknowledges and respects the Adnyamathanha people, the Traditional Owners of the land on which its operations occur and pays its respects to their Elders past and present.

Resource Compliance Statement

The information in this announcement that relates to the 2C Contingent Syngas Resource was detailed in an announcement lodged with ASX on 8 January 2016 and is available to view at www.lcke.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All estimates are based on the deterministic method for estimation of petroleum resources.

Forward Looking Statements

This announcement may contain forward looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned mining and exploration programs and other statements that are not historical facts. When used in this document, the words such as "could", "plan",

“estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements.

In addition, estimates of resources could also be forward-looking statements. Although the Company believes that its expectations reflected in these statements are reasonable, they may be affected by a variety of changes in underlying assumptions which could cause actual results or trends to differ, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates amongst other items, and the cumulative impact of items.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any forward –looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LEIGH CREEK ENERGY LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(4,994)	(10,571)
(b) development		
(c) production		
(d) staff costs	(542)	(1,885)
(e) administration and corporate costs	(808)	(2,265)
1.3 Dividends received (see note 3)		
1.4 Interest received	50	162
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		2,173
1.8 Other (provide details if material)		55
1.9 Net cash from / (used in) operating activities	(6,294)	(12,331)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(25)	(89)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(25)	(89)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		12,532
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		(780)
3.5	Proceeds from borrowings	1,480	2,570
3.6	Repayment of borrowings		(1,950)
3.7	Transaction costs related to loans and borrowings	(62)	(136)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,418	12,236
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,464	8,747
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,294)	(12,331)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	(89)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,418	12,236
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	8,563	8,563

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	340	858
5.2 Call deposits	477	1,606
5.3 Bank overdrafts		
5.4 Other (Term deposits)	7,746	11,000
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,563	13,464

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

306

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

23

Piper Alderman lawyers were paid for legal services rendered to the Group. Non-Executive Director Greg English is a partner at Piper Alderman lawyers.

Investment Company Services Pty Ltd were paid for investor relations advisory services rendered to the Group. Mr Boyd Peters, Managing Director of this company, is a related party of Mr Justyn Peters, Executive Chairman.

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	6,500	2,230
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Secured 12 month R&D working capital facility with Commonwealth Bank of Australia

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	5,849
9.2 Development	
9.3 Production	
9.4 Staff costs	608
9.5 Administration and corporate costs	758
9.6 Other (Interest Expense)	106
9.7 Total estimated cash outflows	7,321

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 27 April 2018

Print name:

Jordan Mehrtens

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.