



1 August 2019

ASX ANNOUNCEMENT (ASX:LCK)

LCK completes \$3.2m Capital Raising

- **Placement of 14.32m shares at \$0.225 per share to raise approximately \$3.2m (before costs)**
- **Next stages for commercial process approvals**

Leigh Creek Energy Limited (“LCK”, or “the Company”) announces it has secured additional capital funding to support the development of its namesake Leigh Creek Energy Project (“LCEP”) in South Australia.

The funding consists of a non-brokered private placement of 14.32m ordinary shares to raise approximately \$3.2 million (before costs) to institutional, sophisticated and professional investors at a price of \$0.225 per ordinary share (representing a 14% discount to a 15-day VWAP).

This capital raising is in line with the Company’s overall funding strategy and provides the capital required to continue with the rapid development of LCK’s maiden 2P reserve of 1,153PJ, Australia’s largest uncontracted gas reserve available to be delivered to East Coast gas buyers.

The funding is further acknowledgement of the value of LCK’s significant gas reserve. The funding shows ongoing support and confidence following LCK’s successful pre commercial demonstration project at Leigh Creek and demonstrates that the Company has the expertise to develop a large scale commercial project at Leigh Creek, 550 kilometres north of Adelaide, South Australia.

The Shares will be issued without disclosure in reliance on an exception from disclosure in Section 708 of the *Corporations Act 2001*. Shareholder approval will not be required for the Placement as this will be undertaken utilising the Company’s 10% capacity under Listing Rule 7.1A and the Company’s 15% capacity under Listing Rule 7.1.

As stated in our 2019 2nd Quarterly Report released to the market on the 31st of July 2019, since the closure of the PCD we have significantly reduced our monthly costs whereby this funding along with reduction of costs means we are well funded.

Commercial Pathway

We have been working closely with the South Australian Regulatory Authorities (Energy Resources Division, Department Energy and Mining (DEM) Mining (the “DEM” or “Regulator”) on an agreed pathway to commercial approvals and we believe we will be in a position to notify the market of that process in the very near future.

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Managing Director's Commentary

Commenting on the announcement, LCK Managing Director Phil Staveley said:

"This capital raising continues to demonstrate strong support for the Company and its plans to commercialise the large gas reserve at the Leigh Creek Energy Project. Recent strong share market performance also indicates growing market recognition that LCK has successfully demonstrated that it can produce commercial quantity and quality syngas at Leigh Creek, and with its maiden 2P gas reserve of 1,153PJ, LCK is poised to expand exponentially in the near future. We have been working closely with DEM to agree on a commercial pathway to approvals and believe we will be in a position to notify the market in the very near future."

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About Leigh Creek Energy

Leigh Creek Energy Limited is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce synthetic natural gas and/or ammonium nitrate products (fertiliser and industrial explosives) from the remnant coal resources at Leigh Creek, utilising In Situ Gasification technologies, and will provide long term stability and economic development opportunities to the communities of the Upper Spencer Gulf, 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.

Resource Compliance Statement

The PRMS resources estimates stated herein are based on, and fairly represent, information and supporting documentation prepared by Timothy Hower of MHA Petroleum Consulting, Denver USA. Mr Hower is a member of the Society of Petroleum Engineers and has consented to the use of the Resource estimates and supporting information contained herein in the form and context in which it appears. A copy of the report by Mr Hower is attached to the Company's announcement dated 27 March 2019.

Fast Facts

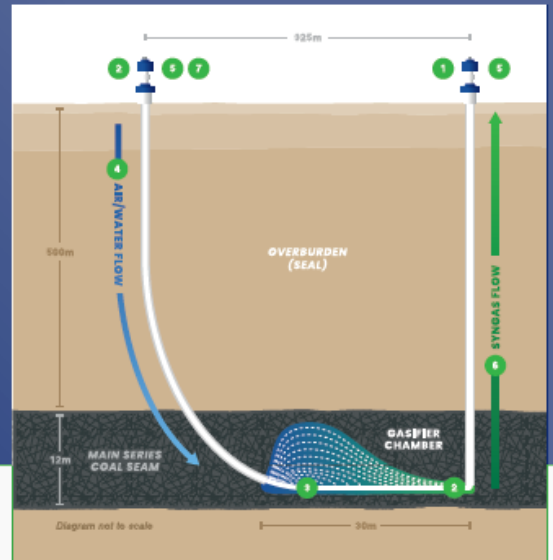
1153 PJ syngas - largest uncontracted gas reserve available to eastern Australia

How does the ISG process work?

The In-Situ Gasification (ISG) process converts coal, through a series of chemical reactions, from its solid state into a gaseous form, resulting in the generation of syngas, or synthetic gas.

Syngas comprises energy gases, such as methane, hydrogen and carbon monoxide with variable amounts of inert gases, such as carbon dioxide and nitrogen.

1. Outlet well is drilled to intersect coal seam.
2. Inlet well is drilled and steered to link up with outlet well.
3. Initiation tool is placed down the inlet well to heat the coal and starts the gasification process.
4. Addition of air and water creates a series of chemical reactions transforming coal to syngas.
5. Process is controlled by using inlet well to manage the flow of air and water
6. Syngas will flow up through the outlet well and is analysed on the surface.
7. Process is stopped by turning off air and water supply from the inlet well.



The demonstration plant was located in the heavily modified Telford Basin in the former Leigh Creek Coalfield.

What is the Leigh Creek Energy Project?

The project location at the now closed Leigh Creek Coalfield was initially identified as a highly favourable location for In-Situ Gasification using environmental, technical and commercial criteria.

The coal reserve is technically suitable for undertaking ISG in a safe manner minimising environmental impact, and the local area is well serviced by existing and useful infrastructure.

The State Government Regulator's Independent Assessment Report concluded that "... the Leigh Creek site represents one of the strongest opportunities for low risk commercial UCG anywhere in the world."

What is LCK's Pre-Commercial Demonstration?

LCK's Pre-Commercial Demonstration (PCD) commenced Q4 2018 and concluded Q1 2019 and had five main objectives:

1. Produce syngas comprising Methane (CH₄), Hydrogen (H₂), Carbon Monoxide (CO) and Nitrogen (N₂).
2. Produce syngas at over 1 million cubic feet per day.
3. Capture information required to upgrade the existing Petroleum Resources Management System (PRMS)

2,964 PJ 2C resource to 2P reserve.

4. Demonstrate safe and environmentally responsible ISG operations.

5. Provide key data and information for commercial project development.

The PCD was deemed a success having met or exceeded all objectives, taking the company another step closer to commercial operations.



LCK's PCD facility.

Leigh Creek Energy milestones



1,153 PJ Leigh Creek Energy's 2P syngas reserve



LCK's 1,153 PJ of syngas could power all 9.9 million Australian homes continuously for 3.7 years



Pipeline gas
888 petajoules



Ammonia
31 million tonnes



Urea
52 million tonnes



Diesel
8 billion litres



Electricity
246,783 gigawatt hours

What is a 2P Reserve?

The project has a PRMS reserve of 2P 1,153 PJ, which is now the largest uncontracted gas reserve available to eastern Australia and larger than what is commercially available in the entire Cooper Basin (ACCC, 2018).

LCK's certification comes after having successfully extracted gas at economic flow rates at its PCD.

The size of the reserve indicates that LCK has multiple commercialisation paths, mainly the sale of synthetic natural gas in the Australian East Coast market and/or using the gas to manufacture ammonia-based fertiliser products.

