

12 February 2020

ASX ANNOUNCEMENT (ASX:LCK)

Farm-in executed into the Cooper & Eromanga Basins

Highlights

- ✓ **Complementary energy projects added to the LCK portfolio**
- ✓ **20% participating interest of Authority to Prospect (ATP) 2023 & ATP 2024**
- ✓ **Under-explored, highly prospective oil and gas permits in the Cooper & Eromanga Basins**

Leigh Creek Oil and Gas Limited Pty Ltd (“LCOG”), a 100% owned subsidiary of Leigh Creek Energy Limited (ASX: LCK) (“**Company**” or “**LCK**”), is pleased to announce that a Farm-in Agreement has been executed with Bridgeport Energy (QLD) Pty Limited (“Bridgeport”) for ATP 2023 and 2024.

Bridgeport is a wholly-owned subsidiary of New Hope Group company and a highly experienced Cooper/Eromanga Basin operator. The granting of the permits remains subject to Ministerial approval.

Complementary Assets

During 2019, as a part of the Company’s due diligence process it reviewed its short, medium and long term strategic oil and gas opportunities. Whilst it is well known that the Leigh Creek Energy Project (LCEP) is a large, medium to long term project that will result in significant shareholder value, LCK felt there was a lack of strategic opportunities that had been identified by LCK that would provide both revenue and growth in the short to medium term.

Australia has many onshore conventional oil and gas projects and many of these were identified and evaluated by LCK on the basis that they would provide revenue and were considered as viable propositions. Many of these were evaluated as being able to produce revenue in short periods of time, relative to their unconventional counterparts. They are manageable within current resourcing, have relatively low CAPEX and can provide multiple revenue streams.

The Company’s preferred option was to also engage with operators looking to farm down portions of their assets. LCK focussed on assets in working petroleum systems, containing both oil and gas prospects with the operator having significant operational experience in those Basins.

LCK identified Bridgeport’s ATP 2023 & ATP 2024 as assets meeting these requirements.

For personal use only

Farm-in Structure

LCOG will acquire from Bridgeport:

- A 20% participating interest in ATP 2023 & ATP 2024 (together with an option to acquire an additional interest in either of both permits) by satisfying the earning obligations in the Farm-in Agreement

In consideration of the assignment of the Farm-in Interest, LCOG will undertake the following obligations:

- Fund 40% of Year 1 and 2 permit activity (\$4.38M Net LCK); and
- Fund 20% of Year 3 & 4 permit activity (\$1.96M Net LCK)

Permit Year	Work Program (ATP 2023 & 2024)	Net Cost LCK (\$M)	LCK Equity Share (%)
Year 1	Native Title, Seismic Reprocessing and GG&E	\$0.62	Option Only
Year 2	2x300km ² 3D Seismic and GG&E	\$3.76	20%
Year 3	Drill 4 exploration wells	\$1.88	20%
Year 4	GG&E	\$0.08	20%
Total		\$6.34	

Background

ATP 2023 and ATP 2024 are in South West Queensland, 10km north of Australian's largest onshore oil field, Jackson Field (Figure 1). The permits cover 434km² and 421km² respectively and provide opportunities for multiple conventional oil and gas plays. They are largely under-explored containing just two exploration wells and varying vintages of 2D seismic. Their proximity to existing infrastructure minimises any future tie-in and operational costs.

The operator has currently identified 15 leads, primarily focussing on the Hutton Sandstone oil play and the Toolachee Formation gas play. The expectation is the large 2 x 300km² 3D seismic surveys acquired prior to the end of Permit Year 2 will mature these to drillable prospects.

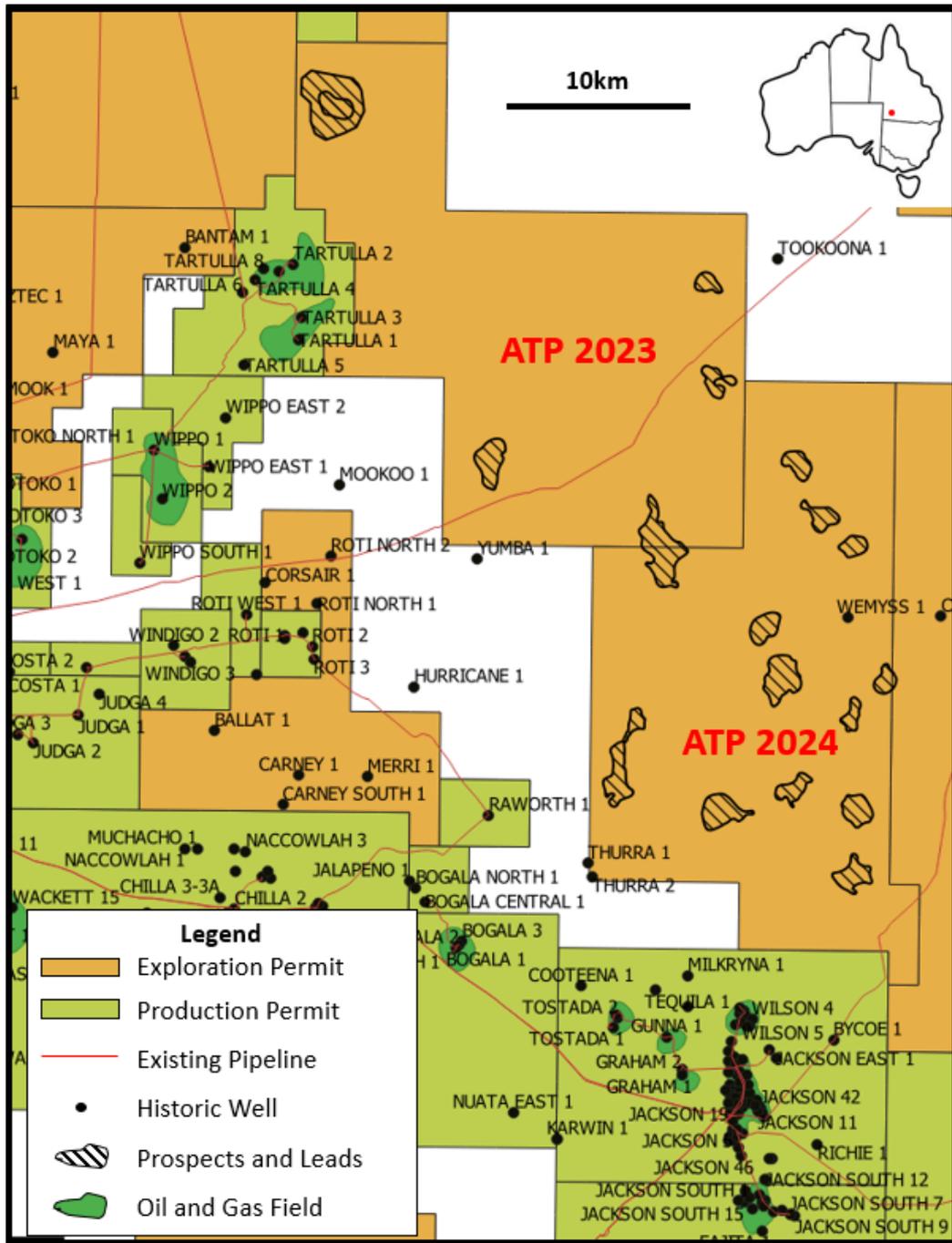


Figure 1: A map of ATP 2023 and ATP 2024. Note their proximity to surrounding fields and infrastructure.

Managing Director's Commentary

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

"Leigh Creek Energy is pleased to enter into its first Joint Venture partnership outside the Leigh Creek Energy Project (LCEP) with such a competent operator in Bridgeport. This partnership is complementary to the LCEP and will diversify our portfolio adding potential for multiple revenue streams."

The Board of Leigh Creek Energy authorised this announcement to be given to ASX.

For further information, contact:

Tony Lawry | Corporate and Investor Relations

T: +61 (0) 412 467 160 | E: tony.lawry@lcke.com.au

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 pipeline quality gas and/or nitrogen fertiliser products 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.