

10 July 2017

ASX ANNOUNCEMENT



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## Major Contracts Awarded for Fabrication of Pre-Commercial Demonstration Plant

- **Contracts awarded to two South Australian Companies**
- **Contracts are for the fabrication and installation of process skids and electrical and communications systems**
- **Focus on Demonstration outcomes to finalise commercialisation pathways**

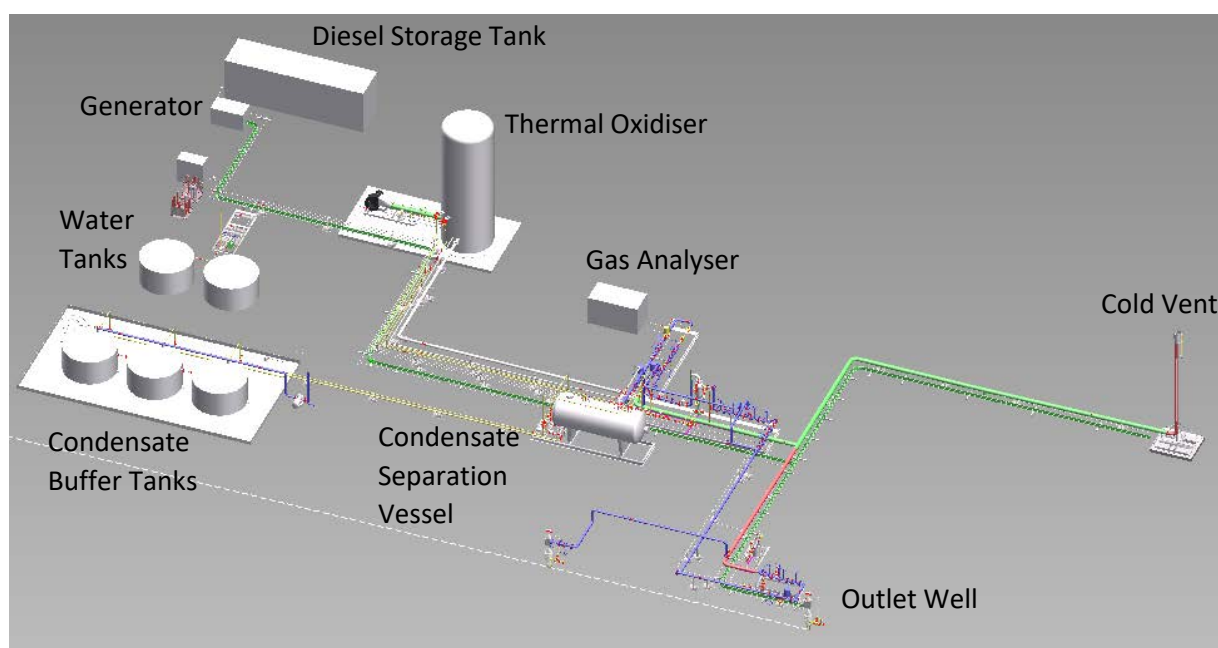
South Australian energy company, Leigh Creek Energy Limited (ASX: LCK) ("LCK" or "the Company"), is pleased to announce it has signed two important contracts with South Australian companies Ottoway Engineering and ATSys. They will conduct the final design, fabrication and on site construction and commissioning of the plant and equipment required for the Pre-Commercial Demonstration Stage (PCD) of the Leigh Creek Energy Project (LCEP).

This follows the company's recent announcement that it had signed contracts for the fabrication of long lead time construction packages. These two work packages represent a significant component of the total commitment for completion of the above ground aspect of the PCD.

### COMMENT

#### Process Skids and Electrical Systems

LCK's project team has completed to 95% the in-house design of the process skids (valves, instruments and pipes) for the PCD (see diagram below).



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Following an intensive tender process supported by the South Australia government's Industry Capability Network (ICN), contracts have been awarded to South Australian companies Ottoway Engineering and ATSys. LCK was able to consider only South Australian companies in this tender, as the number of tenderers was sufficient to demonstrate sufficient depth of technical capacity, quality and experience. The process delivered an attractive commercial outcome for the company.

### **Ottoway Engineering Contract**

Ottoway Engineering will provide bespoke gas handling equipment for the PCD to take gas from the underground gasifier to the Thermal Oxidiser. The scope of this contract is the fabrication and installation of the above ground plant for the PCD including piping, knock-out and metering and condensate handling skids. Importantly, the Fabricator will be installing the equipment on site ready for commissioning and operation.

Ottoway Engineering is one of Australia's leading mechanical fabrication and installation contracting companies and provides specialised services to the petro-chemical, mining, defence and water industries. The company operates its own fabrication workshops in Whyalla and Adelaide which support the construction, installation and commissioning teams. This enables the company to offer complete project management from design through to commissioning.

Ottoway Engineering has successfully completed a range of projects throughout Australia and maintains a permanent presence in the Cooper Basin servicing its long-term customers in the oil and gas industry.

### **ATSys contract**

ATSys will provide electrical, controls and high end communication and data transfer systems for the PCD.

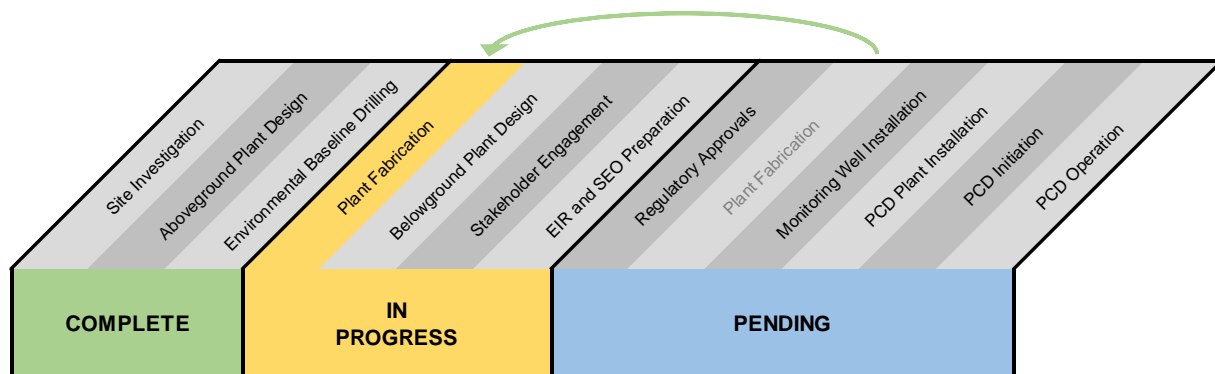
ATSys is a control systems integration specialist in electrical and control systems design, programming and configuration, testing and commissioning, support and maintenance of systems. It delivers engineering solutions to various sectors including mining, oil and gas, water and wastewater, food and beverage and agribusiness.

Subject to gaining the necessary approvals, it is anticipated that construction of these elements of the PCD will be complete in October 2017, installed on site November 2017, with commissioning (including testing and operator training) planned for December 2017.

### **SUMMARY**

The awarding of these contracts demonstrates the company has rapidly deployed capital to the physical aspects of the PCD, representing another major de-risking event for LCK.

With funding for the PCD secured, the driving focus of the LCK Operations team is towards flaring of demonstration gas in the fourth quarter of 2017. The project is accelerating rapidly. Current and expected progress is represented in the following graphic:



Commenting on the announcement Mr. Phil Staveley (Chief Executive Officer) said: *“The awarding of these contracts marks another significant milestone in the development of the PCD at Leigh Creek. We recently informed the market of the accelerated development of the PCD following the successful capital raising. The awarding of these contracts illustrates the rapid progress made by the LCK’s Project Team in the short time since then. The level of professionalism and intense focus of the LCK Project team has been maintained over a long period of time and has delivered this significant milestone”.*

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***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 ammonium nitrate products (fertiliser and industrial explosives) from the remnant 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.*

*Leigh Creek Energy acknowledges and respects the Adnyamathanha people, the Traditional Owners of the land on which its operations occur and pay our respects to their Elders past and present.*