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Manager Companies
Companies Announcements Office
Australian Securities Exchange Limited

Leigh Creek Energy Project Funding Assured

Highlights

- **Tranche 3 payment by China New Energy Group settled**
- **Research and Development Working Capital Facility with CBA extended**
- **Funding package for the Pre-Commercial Demonstration Stage of Leigh Creek Energy Project assured**

South Australian energy company, Leigh Creek Energy Limited (ASX: LCK) (“LCK” or “the Company”) is pleased to announce the completion of further significant progress on its capital funding requirements for the Pre-Commercial Demonstration stage (PCD) of its Leigh Creek Energy Project (LCEP).

Tranche 3 Share Placement

The Company announced on 11 August 2017 it had agreed with China New Energy Group (CNE) to split the previously announced Tranche 3 placement into two payments (now referred to as Tranche 3 and Tranche 4).

LCK is pleased to report that Tranche 3 settled on 15 August 2017, and consists of the placement of 17 million shares at a purchase price of 15 cents per share to raise a total of \$2,550,000 (before transaction costs). On issue of the shares, CNE will hold 19.98% of the issued capital of the Company.

Tranche 4, involving the placement of a further 66.5 million shares at 15 cents per share (raising a further \$10 million before transaction costs), will be subject to shareholder approval at a future General Meeting (GM) of the Company. The notice of meeting, including an Independent Expert’s Report, will be provided to shareholders prior to the GM.

Research and Development Working Capital Facility

The Company announced on 18 November 2016 that it had been awarded a “Certificate for Advance Finding” (“Advance Finding”) from the Commonwealth Government’s Innovation Australia, enabling the Company to claim refundable tax offsets for the fiscal years ending 30 June 2016, 2017, and 2018 for total anticipated expenditure of approximately \$21m to be incurred for the PCD.

On 7 February 2017, the Company announced it had secured a 12-month Research and Development Working Capital Facility (“Facility”) with the Commonwealth Bank of Australia (CBA). This provided LCK with the flexibility to bring forward its tax offsets by providing a draw down on eligible expenditure and for CBA to be repaid from the Company’s taxation return rebate.

As flagged in the March 2017 Quarterly Report (28 April 2017), LCK has recently agreed terms with the CBA for an extension to the Facility along with a significant increase in the Facility limit. The revised term extends

the Facility to April 2019 whilst the limit increases from \$2 million to \$6.5 million, which aligns with forecast eligible Research and Development expenditure in accordance with the Advance Finding for the 2017/18 fiscal year. Completion of the agreement is subject to the satisfaction of several conditions precedent which are expected to be met by October 2017.

Summary

With construction of the PCD advancing, the driving focus of the LCK Operations Team is towards flaring of demonstration gas in the fourth quarter of 2017 (subject to receiving regulatory approval and the gaining of shareholder approval to issue the Tranche 4 shares). Construction of the LCEP is accelerating rapidly.

Commenting on this outcome, Chief Executive Officer Phil Staveley said:

“Through our strong partnership with CNE and again with the tremendous support of the Commonwealth Bank, we have been able to further advance the capital funding for the PCD. This is another significant de-risking event for the Company as we move toward the important event of flaring gas by the end of 2017.”

Leigh Creek Energy – bringing reliable energy to South Australia.

For further information contact:

Andrew Harrington

Corporate Development Manager

Ph: +61 (0) 421 58 33 44

E: andrew.harrington@lcke.com.au

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 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.

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.