

LEIGH CREEK ENERGY LIMITED
ACN 107 531 822

NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

For a non-renounceable pro rata entitlement issue of one New Share for every fifteen Shares held by Eligible Shareholders at the Record Date of 7pm (ACDT) on 11 January 2019 at an issue price of \$0.12 per New Share to raise up to A\$3.86 million (before costs) (**Offer**).

The Offer is currently expected to close at 5.00 pm (ACDT) on 31 January 2019. Valid applications must be received before that time. Please read the instructions in this Offer Document and on the accompanying Application Form regarding the acceptance of your entitlement under the Offer.

IMPORTANT NOTICE

This Offer Document is important and should be read in its entirety. If after reading this Offer Document you have any questions about the New Shares being offered under this document or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

The Offer opens on 16 January 2019 and closes at 5.00 pm (ACDT) on 31 January 2019 unless extended. Valid acceptances must be received before the Offer closes.

Please read the instructions in this document and on the accompanying Application Form regarding the acceptance of your entitlement.

TABLE OF CONTENTS

1.	IMPORTANT INFORMATION.....	1
2.	CORPORATE DIRECTORY.....	4
3.	KEY OFFER DETAILS AND TIMETABLE	5
4.	DETAILS OF THE OFFER.....	6
5.	ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS.....	12
6.	RISK FACTORS	15
7.	ADDITIONAL INFORMATION	19
	DEFINITIONS.....	21

1. IMPORTANT INFORMATION

This Offer Document is issued pursuant to section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 18 -1156) for the offer of New Shares which allows entitlement issues to be offered without a prospectus. This Offer Document has been prepared by Leigh Creek Energy Limited ABN 31 107 531 822 and was lodged with ASX on 8 January 2019. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Neither the Company, nor any other advisor of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Forms accompanying this Offer Document are important.

Acceptance of New Shares under the Offer can only be submitted on an Application Form sent with a copy of this Offer Document by the Company. If acceptance is by BPAY there is no need to return an Application Form. The Application Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 5 regarding the acceptance of your Entitlement and completion of the Application Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offer detailed in this Offer Document.

Eligibility

The Application Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offer is not being extended, and Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, British Virgin Islands or Hong Kong. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of Shares to existing Shareholders in any jurisdiction other than Australia, New Zealand, British Virgin Islands or Hong Kong. The distribution of this Offer Document in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

New Zealand

The New Shares being offered under this Offer Document are being offered to Shareholders with registered addresses in New Zealand in reliance on the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.

British Virgin Islands

The New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Risks

Refer to section 6 of this Offer Document for a summary of certain general and Company specific risk factors that may affect the Company.

Speculative Investment

An investment in the New Shares should be considered highly speculative. This Offer Document does not contain financial product advice and does not propose to contain all the information that you may require in evaluating a possible acquisition of New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Forward-looking Statements

This Offer Document contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Website

No document or information included on the Company's website is incorporated by reference into this Offer Document.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

References to 'you', 'your Entitlement' and 'your Entitlement'

In this Offer Document, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders, unless the context provides otherwise.

Times and dates

All references to time in this Offer Document are references to Adelaide time, unless otherwise stated.

Times and dates in this Information Booklet are indicative only and subject to change. Refer to section 3.2 of this Offer Document for more details.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms at the end of this document.

2. CORPORATE DIRECTORY

Directors

Mr Gregory English
Non-Executive Director

Mr Murray Chatfield
Non-Executive Director

Mr Zhe Wang
Non-Executive Director

Mr Zheng Xiaojiang
Non-Executive Director

Mr Phil Staveley
Executive Director, Managing Director

Mr Daniel Justyn Douglas Peters
Executive Director, Executive Chairman

Company Secretary

Ms Jordan Mehrtens

Share Registry*

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, SA 5000

Registered Office

Level 11, 19 Grenfell Street
Adelaide SA 5000

Telephone: + 61 8 8132 9100

Website: www.lcke.com.au

ASX Codes

LCK

Lawyers

Piper Alderman
Level 16, 70 Franklin Street
Adelaide SA 5000

Auditors*

Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

* These entities have not been involved in the preparation of this Offer Document and have not been requested to consent to being named in this Offer Document. Their names are included for information purposes only.

3. KEY OFFER DETAILS AND TIMETABLE

3.1 Key Offer Details

Offer Price	A\$0.12 (or 12 cents) per New Share
Entitlement Ratio	1 New Share for every 15 Shares held
Number of New Shares to be issued *	Approximately 32.15 million
Gross Proceeds from Offer	Approximately \$3.86 million

* Assuming no Options are exercised prior to the Record Date.

3.2 Timetable

Action	Date
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX	8 January 2019
Notice sent to Option holders	8 January 2019
Notice sent to Shareholders	9 January 2019
Ex date	10 January 2019
Record Date for determining Entitlements	7pm (ACDT) 11 January 2019
Offer Documents sent out to Eligible Shareholders and Company announces this has been completed and Offer Opening Date	16 January 2019
Last Day to extend Closing Date	25 January 2019
Closing Date	5pm (ACDT) 31 January 2019
Shares quoted on a deferred settlement basis	1 February 2019
ASX notified of under subscriptions	5 February 2019
Issue date/Shares entered into Shareholders' security holdings	7 February 2019
Expected commencement of normal trading in New Shares on ASX	8 February 2019

Subject to the Listing Rules and the Corporations Act, the Directors reserve the right to amend or vary any of the dates and times at any time without notice. In particular, the Company reserves the right to extend the Closing Date of the Offer, accept late applications (either generally or in particular cases) and to withdraw the Offer without prior notice. As such, the anticipated date the New Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

The commencement of quotation of New Shares is subject to confirmation from ASX.

4. DETAILS OF THE OFFER

4.1 The Offer

The Company is making a non-renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of one New Share for every fifteen Shares held at the Record Date at an Offer Price of \$0.12 per New Share to raise approximately A\$3.86m before costs (**Offer**).

The New Shares will be fully paid and will rank equally in all respects with the Company's existing Shares on issue.

The offer price of \$0.12 per share represents a 15.85% discount to the 5 trading day volume weighted average closing price of Shares as at 14 December 2018 (being the trading day before the date the Offer was first announced on 17 December 2018 following a placement at the same price).

As at the date of this Offer Document, the Company has on issue 482,167,271 Shares. On this basis (and assuming no Options are exercised prior to the Record Date and without taking into account the impact of rounding), the Company expects that up to approximately 32.15m Shares will be issued under the Offer.

As at the date of this Offer Document, the Company has 24,892,250 unlisted Options on issue and has received Shareholder approval at its 2018 General Meeting to issue a further 10,000,000 Options, which are expected to be issued in January 2019. All Options must be exercised for Shares prior to the Record Date in order to participate in the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal or such earlier time required by the Corporations Act.

The Directors may make determinations in any manner they think fit in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer whether generally or in relation to any Shareholder. Any determinations by the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

4.2 Use of funds

The Directors intend to apply the proceeds from the Offer toward the project development, namely operation of the Pre-Commercial ISG Demonstration facility at the Leigh Creek Energy Project (LCEP), and toward additional working capital.

The proceeds from the Offer (assuming it is fully subscribed) is proposed to be allocated in the following manner:

Proposed use of funds	
Approximate Costs of Issue	\$50,000
Project Development	\$2,682,637
Working Capital, including Company overheads	\$1,124,701
Total	\$3,857,338

However, in the event that circumstances change, or other better opportunities arise, the Directors reserve the right to vary the proposed use of funds.

4.3 Capital Structure

The effect of the Offer on the Company's capital structure, assuming all Entitlements are accepted is set out below.

Shares	Number
Shares on issue as at the date of this Offer Document*	482,167,271
Shares offered pursuant to the Offer	32,144,484
Total Shares on issue on completion of the Offer*	514,311,755

* Assuming no Options are exercised prior to the Record Date.

The Company also has 22,763,500 Options on issue and intends to issue a further 10,000,000 Options in January 2019 pursuant to Shareholder approvals at the 22 August 2018 General Meeting. If any Options are exercised this will impact on the number of Shares on issue.

4.4 Entitlement to Rights Issue

Eligible Shareholders who are on the Company's Share Register at the close of business on the Record Date are eligible to participate in the Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares accompanies this Offer Document.

4.5 No Minimum subscription

There is no minimum subscription for the Offer.

4.6 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 5 and on the Application Form which accompanies this Offer Document.

4.7 Shortfall

Eligible Shareholders who accept their Entitlement in full may also apply for additional Shortfall Shares (refer to section 5.4).

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. If the Company receives valid applications for Shortfall Shares that would result in the Offer being oversubscribed, then the Company will not accept such oversubscriptions and will reject or scale back applications at its absolute discretion.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for in their absolute and sole discretion. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

The Company will not issue Shortfall Shares where the Company is aware that to do so would result in a breach of the Corporations Act (including section 606 of the Corporations Act) or the ASX Listing Rules. Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act or the ASX Listing Rules having regard to their own circumstances (including the existence of any associates). The Company expressly disclaims any responsibility for monitoring such applications or ensuring that individual Shareholders do not breach the Corporations Act or the ASX Listing Rules as a result of participation in the Offer.

Directors and related parties of the Company will not be issued any Shortfall Shares without the prior approval of Shareholders.

If there remains a Shortfall after allocation of Shortfall Shares to Shareholders who have applied for Shortfall Shares, the Directors reserve the right to issue the Shortfall Shares in their absolute and sole discretion. Any Shortfall Shares so issued will, in accordance with the ASX Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Offer.

4.8 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

4.9 Not underwritten

The Offer is not underwritten.

4.10 Directors intentions in respect of Entitlements

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power¹ (%)	Entitlement (Shares)	Entitlement (\$)
Greg English	Nil	N/A	N/A	N/A
Murray Chatfield	1,496,414	0.31%	99,761	11,971.32
Zhe Wang	Nil	N/A	N/A	N/A
Zheng Xiaojiang	12,470,921 ₂	2.58%	831,395	99,767.4
Justyn Peters	Nil	N/A	N/A	N/A
Phil Staveley	643,750	0.13%	53,646	6,437.52

Notes

1. The voting power in the table is prior to the settlement of the Offer
2. Mr Zheng has a relevant interest in the shares held by Crown Ascent Development Limited due to having a 25% interest in Crown.

Mr Chatfield and Mr Staveley have confirmed that they presently intend to accept their Entitlements in full. Crown Ascent Development Limited has not provided any intention statement to the Company regarding its Entitlement.

4.11 Allotment and Application Money

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that the New Shares will be issued on 7 February 2019 and normal trading of the New Shares on ASX is expected to commence on 8 February 2019 although these dates may change, as described in section 3.2.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Application for the New Shares to be granted Official Quotation by ASX was made on 8 January 2019.

4.12 Distribution restrictions and treatment of foreign Shareholders

General

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Offer Document or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia, New Zealand, British Virgin Islands or Hong Kong.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

The Offer in this Offer Document is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand, British Virgin Islands or Hong Kong, because of the small number of such Shareholders and the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, British Virgin Islands or Hong Kong. The Offer Document is sent to those Shareholders for information purposes only. The number of Shares held by Shareholders who have registered addresses in countries outside of Australia, New Zealand, British Virgin Islands and Hong Kong as at 7 January 2019 was 2,326,191 Shares.

Recipients may not send or otherwise distribute this Offer Document or the Application Form to any person outside Australia (other than to Eligible Shareholders).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is permitted under applicable foreign laws.

4.13 Rights issue exception not available

No nominee has been appointed for excluded foreign Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement and any Shortfall Shares, it must have regard to section 606 of the Corporations Act.

Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 of the Corporations Act as a result of application for New Shares under the Offer should seek professional advice before completing and returning the Application Form.

As at the date of this Offer Document, the only Eligible Shareholder that the Company is aware of that may be at risk of breaching section 606 of the Corporations Act as a result of taking up its Entitlement or Shortfall Shares is China New Energy Group Limited (CNE). CNE currently holds 28.28% of Shares on issue. If CNE were to take up its full Entitlement and no other Eligible Shareholder took up their Entitlement, then CNE's percentage (and voting power) would increase to 30.16%. However, the 3% creep exception in item 9 of section 611 of the Corporations Act will allow CNE to take up its Entitlement and participate in the Shortfall to increase its voting power up to 31.91% without breaching section 606 of the Corporations Act (based on its Shareholding 6 months prior to the proposed issue date of 7 February 2019 and assuming it Shareholding does not fall below 19% before the issue date).

The Company reserves the right to reject or scale back any application for Shortfall Shares which it considers may result in breach of section 606 of the Corporations Act. The Company expressly disclaims any responsibility for monitoring such applications or ensuring that individual Shareholders do not breach section 606 as a result of participation in the Offer.

4.14 Market Prices on Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which influence market price of the New Shares (once quoted) being offered under this Offer Document, during the three months immediately preceding the lodgement of this Offer Document, and the last market sale price on the date before the lodgement date of this Offer Document, are set out below.

	3 month high	3 month low	Last market sale price
Existing Shares	23.5c	11.5c	11.5c

4.15 Opening and Closing Dates

The Offer will open for receipt of acceptances on 16 January 2019 and will close at 5pm (ACDT) on 31 January 2019, subject to the right of the Company to vary these dates in accordance with the ASX Listing Rules and applicable laws.

4.16 CHESS

The Company participates in the Clearing House Electronic Sub-register System ("CHESS") for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders

may request a statement at any other time, however, a charge may be made for additional statements.

4.17 Rights and Liabilities attaching to the New Shares

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

4.18 No broker handling fees or commission

No broker handling fees or commission is payable by the Company in connection with the Offer.

4.19 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for New Shares under this Offer Document, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

4.20 Governing law

This Offer Document, the Offer and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer are governed by the law of South Australia, Australia. Each Shareholder who has applied to subscribe for New Shares in accordance with this Offer Document submits to the exclusive jurisdiction of the courts of South Australia, Australia.

4.21 Enquiries

Any questions concerning the Offer should be directed to Jordan Mehrtens, Company Secretary, on +61 8 8132 9104 or at jordan.mehrtens@lcke.com.au.

Any queries regarding the Application Form should be directed to the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia)

You can also contact your stockbroker or professional adviser with queries in relation to the Offer.

5. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

5.1 Before making a decision

This Offer Document should be read carefully and in its entirety before making any decision about your Entitlement. You should be aware that an investment in the Company involves risks and that an investment in the New Shares should be considered highly speculative.

5.2 What you may do

As an Eligible Shareholder, you may take any one of the following actions:

- Subscribe for all of your Entitlement (refer section 5.3);
- Take up only part of your Entitlement (refer section 5.4);
- Subscribe for your Entitlement in full and subscribe for additional Shortfall Shares (refer section 5.5); or
- Do nothing and allow your Entitlement to lapse (refer section 5.6).

5.3 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for. You can pay for your New Shares either by cheque or BPAY.

If you take up all of your Entitlement, then you may also apply for additional Shortfall Shares (refer to section 5.5).

The completed Application Form must be accompanied by a cheque or bank draft made payable to "Leigh Creek Energy Limited" and crossed "Not Negotiable" for the appropriate Application Money in Australian dollars calculated at \$0.12 per New Shares accepted, and received by the Company at the address set out in the table below by no later than 5.00 pm (ACDT) on 31 January 2019. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Postal Address:
Computershare Investor Services Pty Limited GPO Box 2987 Adelaide SA 5001

Alternatively, if you are paying by BPAY, refer to your personalised instructions on your Application Form.

5.4 If you wish to take up only part of your Entitlement

Please complete the Application Form, which accompanies this Offer Document, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form).

If payment is by cheque, the process in section 5.3 will apply.

Alternatively, if you are paying by BPAY, refer to your personalised instructions on your Application Form.

5.5 If you wish to take up your Entitlement in full and subscribe for additional Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Application Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Application Form. You must make payment for the appropriate application monies as set out in section 5.3.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Company reserves the right to reject or scale back any application for Shortfall Shares which it considers may result in breach of section 606 of the Corporations Act. The Company expressly disclaims any responsibility for monitoring such applications or ensuring that individual Shareholders do not breach section 606 as a result of participation in the Offer.

Please refer to section 4.7 and 4.13 and for further details in relation to the issue of Shortfall Shares and the terms and conditions that apply.

5.6 Entitlements not taken up

If you are an Eligible Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares. Please note that if you choose not to accept your Entitlement your shareholding in the Company will be diluted to the extent that the Offer is taken up by other Eligible Shareholders.

If you wish to receive New Shares, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

5.7 Representations, warranties and acknowledgements

By completing and returning your personalised Application Form or making a payment by BPAY, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder and that acceptance of your Entitlement does not breach any laws in any jurisdiction;
- (b) acknowledged that you have fully read and understood both this Offer Document and the Application Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Document and the Application Form;
- (c) agreed to be bound by the terms of the Offer, the provisions of the Offer Document and the Company's constitution;
- (d) authorised the Company to register you as the holder of the New Shares allotted to you;

- (e) declared that all of the details and statements in the Application Form are complete and accurate;
- (f) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledged that once the Company receives your Application Form or any payment of application monies via BPAY you may not withdraw your application for funds provided except as allowed by law;
- (h) agreed to apply for and be issued up to the number of New Shares specified in the Application Form, or for which you have submitted payment of any application monies via BPAY, at the issue price of A\$0.12 per New Share;
- (i) authorised the Company, its Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Application Form;
- (j) declared that you were a registered holder(s) at the Record Date of the Shares indicated in the Application Form as being held by you on the Record Date;
- (k) represented and warranted that you are a resident of Australia, New Zealand, British Virgin Islands or Hong Kong;
- (l) acknowledged that the information contained in this Offer Document and your Application Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) acknowledged that investments in the Company are subject to risk;
- (o) acknowledged that none of the Company or its related bodies corporate, affiliates or directors, officers, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (p) agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;
- (q) authorised the Company to correct any errors in your Application Form or other form provided by you;
- (r) represented and warranted that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from making an application for New Shares;
- (s) represented and warranted that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in regular way transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- (t) represented and warranted that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is resident in Australia, New Zealand, British Virgin Island or Hong Kong and does not reside in the United States, and you have not sent this Offer Document, the Application Form or any information relating to the Offer to any person in the United States.

6. RISK FACTORS

General

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for the New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Legislative changes and Government policy risk

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and produce, in particular the Company's ability to explore and produce any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

Any changes in the laws and regulations under which the Company operates may adversely impact the Company's activities, planned projects and financial results. These laws and regulations include mining, exploration and petroleum-related laws, laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

6.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and future production activities, as well as on its ability to fund those activities.

6.3 Market conditions

The market price of the New Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.4 Security Investments

Applicants should be aware that there are risks associated with any investment in securities. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Company's securities regardless of the Company's performance.

Mineral, petroleum exploration and production are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

6.5 Exploration and Evaluation Risks

The success of the Company depends on the delineation of economically extractable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration, mining and petroleum tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration, mining and petroleum tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

6.6 Technology Risk

The application of ISG technology to the site characteristics may adversely impact the economics of the Project. Furthermore, the selection of technology including ISG and surface technology may prove to be less suitable than initially perceived which may adversely affect the economics of the project.

6.7 Production Risk

The Company is working towards the LCEP reaching significant production levels in the future. However, detailed operational planning along with the preparation of detailed engineering designs have not yet completed; the levels of production anticipated have not previously been achieved on a continuous basis in Western economies; and there are risks associated with unforeseen operating issues in the future. As such, there is a risk that the LCEP will not achieve production or, if it does, that it will not achieve the levels of production expected by the Company.

6.8 Commodity Price and Exchange Rate Risks

To the extent the Company is involved in in situ gasification production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

6.9 Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and gas operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or in situ gasification development proceeds. The Company endeavours to conduct its activities to the highest standard of environmental management, including compliance with all environmental laws.

6.10 Community and Stakeholder Risk

Community and stakeholder opposition to the project may increase resulting in loss of reputation to the Company and adverse impacts for approval milestones of the Project. This may result in delays to the project and/or the requirement of the Company to raise additional capital.

6.11 Future Capital Requirements

The Company's activities will require substantial expenditure. There can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. There is a risk that the Company will not achieve its operating goals due to inability to obtain funding on appropriate terms and conditions.

There is no guarantee that the Company will be able to maintain a sufficient cash and working capital position.

6.12 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

6.13 Development Consents

There is a risk that additional governmental consents will be required. There is also a risk that the Company will not be able to meet the terms of these consents or that the consents can only be obtained on onerous terms and conditions. The Company may also incur significant expenses and delays in obtaining such consents.

6.14 Tenements

Leigh Creek Operations Pty Ltd existing Petroleum Exploration Licence Applications (PELAs) are at application stage. There can be no certainty that those tenements will be granted on the terms applied for, or at all. The only tenements that have been granted to Leigh Creek Operations Pty Ltd to date are Petroleum Exploration Licence 650 (PEL 650) and Gas Storage Exploration License 662 (GSEL 662) where the LCEP is located.

6.15 Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

6.16 Occupational Health and Safety and Environment

The future activities of the Company will be regulated by environmental and government authorities.

There is a risk that environmental regulation may impede or prevent the Company's activities.

The occurrence of significant negative environmental impacts or occupational health and safety incidents may impede or prevent the Company's activities.

6.17 Native Title

PEL 650 has been granted on the basis that native title has been extinguished and does not apply.

Any further exploration licence which may ultimately be granted pursuant to outstanding PELAs, as well as other entitlements to property and resources, may be affected by Native Title claims, unregistered agreements, transfers or unknown defects in title. Native Title claims and Indigenous heritage issues may have a material adverse impact on the Company's future activities and may hinder or prevent its exploration and development activities.

6.18 Competition

Upon reaching production the Company will be subject to competition from other producers. The Company may be unable to successfully compete and may suffer adverse consequences such as loss of market share and customers.

6.19 Counterparty Risk

There is a risk that contracts and other arrangements will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

6.20 Reliance on Key Personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the in situ gasification industry and the Company's ability to retain its key executives.

6.21 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document.

Therefore, the New Shares to be issued pursuant to this Offer Document, carry no guarantee with respect to the payment of dividends, returns of capital or their market value.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

7. ADDITIONAL INFORMATION

7.1 Effect of the Offer on control of the Company

The potential effect that the Offer will have on the control of the Company will depend on the take up by Eligible Shareholders of their Entitlement.

If all Eligible Shareholders each subscribe for their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer, and there will be no effect on control of the Company.

To the extent that an Eligible Shareholder does not take up its Entitlement, the proportionate shareholding interest of that Eligible Shareholder in the Company will be diluted. The proportionate shareholding interest of the Non-qualifying Foreign Shareholders will be diluted because those Non-qualifying Foreign Shareholders are not entitled to participate in the Offer.

The Company has one substantial shareholder, China New Energy Group Limited (**CNE**), who currently holds 28.28% of the Shares on issue. If CNE was to take up its full Entitlement, and no other Eligible Shareholder took up their Entitlement, then CNE's percentage (and voting power) would increase to 30.16%. CNE can rely on the 3% creep exception in item 9 of section 611 of the Corporations Act to apply for Shortfall Shares to take its voting power up to 31.91% in total without breaching section 606 of the Corporations Act (based on its Shareholding 6 months prior to the proposed issue date of 7 February 2019 and assuming its Shareholding does not fall below 19% before the issue date).

The Company is not aware of any other Eligible Shareholder at risk of exceeding the 20% voting power threshold as a result of taking up its Entitlement or applying for Shortfall.

7.2 Not investment advice

This Offer Document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. This Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.lcke.com.au

Prospective investors should conduct their own independent investigation and assessment of the Offer and the information contained in, or referred to in, this Offer Document. An investment in the Company is subject to investment risk including possible loss of income and principal invested. Before deciding whether to apply for New Shares, you should consider all materials sent to you in relation to the Offer and any relevant materials lodged with ASX, and whether the New Shares are a suitable investment for you in light of your own investment objectives, financial circumstances and investment needs (including financial and taxation issues) and having regard to the merits or risks involved.

If, after reading the information, you have any questions about the Offer, then you should contact your stockbroker, accountant or other professional adviser or call the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

7.3 Continuous disclosure

The Company is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Company Shares. That information is available to the public from ASX.

Some documents are required to be lodged with ASIC in relation to the Company. These documents may be obtained from, or inspected at, an ASIC office.

DEFINITIONS

A\$ and \$ means Australian dollars.

ACDT means Australian Central Daylight Time as observed in South Australia.

Application means an application for New Shares pursuant to the Application Form.

Application Form means an Application Form attached to the Offer Document.

Application Money means the money received from Eligible Shareholders in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

CHESS means ASX Clearing House Electronic Sub-registry System.

Closing Date means the date specified in the timetable in Section 3.2 of this Offer Document (unless extended).

Company means Leigh Creek Energy Limited (ACN 107 531 822).

Constitution means the constitution of the Company as at the date of this Offer Document.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Offer Document.

Eligible Shareholders means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

Entitlement or Right means a Shareholder's entitlement to subscribe for New Shares offered by this Offer Document.

Existing Share means a fully paid ordinary share in the capital of the Company on issue at the date of this Offer Document.

Issue means the issue of New Shares under this Offer Document.

LCEP means the Company's 'Leigh Creek Energy Project' for developing commercial quantities of gas, located in central South Australia, 550km north of Adelaide.

New Shares means a Share to be issued under this Offer Document.

Non-qualifying Foreign Shareholders means a Shareholder whose registered address is not situated in Australia, New Zealand, British Virgin Islands or Hong Kong.

Offer means the offer of New Shares pursuant to this Offer Document.

Offer Document means the Offer Document constituted by this document.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 3 of this Offer Document (unless varied).

Option means an option exercisable for a Share.

Record Date means the record date of the Offer as specified in the timetable set out in Section 3.2 of this Offer Document (unless varied).

Section means a section of this Offer Document.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Ltd (ABN 48078279277).

Shareholder means a shareholder of the Company.

Shortfall or Shortfall Shares means those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.