



Friday, 24 May 2019: ASX ANNOUNCEMENT (ASX: LCK)

Update on LCK Commercialisation Plans

- **Strategic Partners have applied for their regulatory approvals**
- **Significant Interest from Offtakers/Gas Purchasers**
- **Financial Position strong**
- **Decommissioning of Pre-Commercial Demonstration plant with no environmental issues**
- **African Carbon Energy Ltd Update**

Leigh Creek Energy Limited (ASX: LCK) (“LCK” or “the Company”) is pleased to announce that significant progress toward commercialisation of the Leigh Creek Energy Project (“LCEP”) has been made since the Company announced its maiden 2P Reserve on 27 March 2019.

Along with the recent completion of successful operations of the Pre-Commercial Demonstration (“PCD”), the 2P reserve announcement has allowed the advancement of negotiations with multiple potential strategic partners with significant energy operations domestically and in key international markets.

Strategic Partners Update

On 27 March 2019, LCK received a PRMS certification of 1,153 PJ 2P reserve from MHA Petroleum Consultants, a globally recognised unconventional energy independent engineering firm based in Denver, Colorado, USA.

The Company had already been in discussions with over a dozen potential partners prior to the announcement and has held a significant number of meetings with those interested parties since then. Several of these partners have engaged with LCK over a considerable amount of time, however, they required an independent reserve report and production data from the PCD before they could progress negotiations on a commercial basis.

Upon receipt of the 2P Reserves as announced on the 27 March 2019 and a review of our production data, our partners have applied for the regulatory approvals they require to move the project forward and as a result, negotiations with our partners are advancing. Upon approval being granted by their regulators it is the Company’s view that negotiations can be formalised and announced to the market.

Commercial discussions with other parties vary from Gas Sales Agreements and Heads of Agreement to LCK’s willingness to accept an investment or strategic funding and/or project finance.

Significant Interest from Offtakers/Purchasers for Gas

Discussions with offtakers and gas purchasers have progressed to the point where LCK has engaged legal counsel to draft and document these commercial arrangements. These offtake discussions are being held with companies with considerable energy needs or operations that would require the gas from the LCEP to service power, industrial needs and feedstock for major industrial applications. These purchasers all have considerable assets and operations in Asia and Australia. The Company will continue to advance these commercial arrangements and will update the market in due course.

Financial Position

LCK is in a strong financial position.

The current major expenditure demands on LCK relate to the finalisation and decommissioning of the PCD. This activity has been completed in line with the financial forecasts contained in the March 2019 Quarterly Report.

Following the PCD decommissioning, the Company has made multiple cost reductions in operating expenses such as fuel, equipment rental expenses, staff and contract labour. LCK is now progressing through the final decommissioning and monitoring phases of the PCD.

LCK maintains its Research and Development financing facility with the Commonwealth Bank of Australia. This facility was extended in March 2019 to \$4.0m. The balance of that facility remains readily available to LCK, should the Company call on it.

Decommissioning Site with No Environmental Issues

LCK is pleased to report that there have been no adverse environmental issues during the operational phase and the decommissioning phase of the PCD.

LCK will continue to work with the Regulator to satisfy the final environmental monitoring obligations for the PCD and expects environmental cash guarantees held by the regulator to be progressively released as these obligations are met.

African Carbon Energy Ltd (Africary) Update

As previously announced (see ASX announcement 16 January 2019), Africary, a South African multifaceted resource and technology company owning several energy related interests in South Africa, signed a Heads of Agreement for the lease and option for sale for our PCD Plant in January 2019.

This has progressed to the point where Africary are coming to Adelaide in June to further its commercial understanding of the PCD plant and discuss its potential interest in this project.

Managing Director's Comments

LCK Managing Director Phil Staveley commented: *"Since the maiden 2P announcement, interest in LCK's gas reserves has magnified, and the Company has progressed with commercialising the LCEP on several fronts. Rapid progress is being made with our strategic partners to the point where they have applied for their regulatory approvals and we are pleased with the reception and strong interest we have received from large Australian and international corporations interested in forming commercial arrangement with LCK. We look forward to updating the market on these arrangements as they progress to binding agreements that maps out LCK's way forward to its commercialisation path in the very near future."*

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About Leigh Creek Energy

Leigh Creek Energy Limited (LCK) is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value 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 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.