



Institutional Share Placement

- Provides financial security to LCK for 2021
- Allows accelerated commencement of stage 1 commercial works

Leigh Creek Energy Limited (**LCK** or the **Company**) is pleased to announce a placement to a US-based institutional investor introduced by LCK's long term US corporate advisors, EAS Advisors LLC.

The commitment of these funds ensures that LCK is now funded to rapidly progress Stage 1 Commercial Development, culminating in the construction of a 5MW power plant supplying power to the national grid. This certainty of funding is particularly important during a period of global economic and political uncertainty as the COVID crisis continues to play out.

The financing consists of the following phased payments of up to \$18,000,000 to be made to LCK by the US-based institutional investor Energy Exploration Capital Partners, LLC (the **Investor**):

- 1) \$6 million in the placement of ordinary shares (the **Placement Shares**) by way of a placement of \$6,540,000 worth of Placement Shares to raise net proceeds of \$6,000,000. This placement will occur, and the \$6 million will be received by LCK in the next week.
- 2) The Investor has granted LCK a unilateral option to place an additional \$6,540,000 worth of Placement Shares to the Investor to raise net proceeds of \$6,000,000 (the **Second Investment**), and a unilateral option to place an additional \$6,450,000 worth of Placement Shares to the Investor to raise net proceeds of \$6,000,000 (the **Third Investment**).

LCK Managing Director, Phil Staveley commented:

"Following on from the recent granting of the Petroleum Production Licence (PPL) and an Associated Activities Licence (AAL) by the South Australian Government for our Leigh Creek Energy Project (LCEP), these funds continue the Company's progress from development to commercial production and cap off what has been a highly successful year for the Company. We look forward to 2021 and beginning construction on our Stage 1 Commercial development, consisting of a 5MW power plant supplying power directly to the national grid."

Funding Structure:

The initial placement (and, if the Company exercises its option to have the Investor accept the Second Investment and the Third Investment, these additional investments) will be made by way of the Investor prepaying the lumpsum proceeds of \$6 million per investment for Placement Shares. The Company will issue the Placement Shares in relation to all or part of each of the above investments on the Investor's request, within 24 months of the date of the corresponding investment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount prepaid by the Investor. The Purchase Price will initially be equal to \$0.32, a premium of approximately 88% to the closing price of the Company's shares on 4 January 2021. Following 5 March 2021, the Purchase Price will reset to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 10% discount (or a 13% discount if the Placement Shares are issued after 4 January 2022) (rounded down to the next one tenth of a cent, or if the share price exceeds \$0.20, the next half a cent). The Purchase Price will not be the subject of a cap.

The Company has put strict protections in place regarding the Investor's activities, such as trading restrictions and anti-shortening provisions. In addition, the Investor is incentivised to see the Company's share price grow through being an option holder (with the options being issued at a substantial premium (see below)).

The Company will have the right to refuse an issuance of shares in relation to an Investor's request for issuance and instead to repay the subscription amount by making a payment to the Investor equal to the number of shares that would have otherwise been issued by the greater of the Purchase Price and the market value of the Placement Shares at that time.

Notwithstanding the Company's exercise of its option to receive the Second Investment and/or the Third Investment, the Investor will not be obligated to provide the additional funding if the market price of the Company's shares is below \$0.085 (in relation to the Second Investment) or \$0.14 (in relation to the Third Investment) and does not recover to above that level within two months after the Investor providing the Company with notice thereof.

LCK will make an initial issuance of 6.75 million Placement Shares to the Investor at the time of the funding of the first placement, towards the ultimate number of Placement Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Placement Shares to be issued by LCK, the Investor may make a further payment to the Company equal to the value of these shares determined using the Purchase Price at the time of the payment. If LCK proceeds with the Second Investment and the Third Investment, net proceeds from the Second Investment and the Third Investment will not exceed 8% of the Company's market capitalisation (each), without the Investor's consent.

Neither the Investor nor LCK has any obligation in relation to the Second Investment or the Third Investment unless LCK exercises its option to put these investments to the Investor. In order to exercise its option in relation to each of the Second Investment and the Third Investment, LCK must have sufficient placement capacity to receive the investment at the time it exercises its option to receive the investment, obligating the Investor to provide the funding relating to that investment. The Company will

determine whether to exercise the option in relation to the Second Investment or the Third Investment, or both, prior to the deadline for its exercise, in its sole discretion.

LCK has agreed to issue 4,029,851 shares in satisfaction of a fee payable to the Investor and to grant 9.8 million options exercisable at \$0.236 (representing a 140% premium over the prevailing market price) to the Investor. LCK was advised on the transaction by LCK'S New York based corporate advisor, EAS Advisors, LLC, acting through Odeon Capital Group LLC, member of FINRA/SIPC/MSRB/NFA.

The Board of Leigh Creek Energy Limited authorised this announcement be provided to the ASX.

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About Leigh Creek Energy

Located in South Australia, Leigh Creek Energy Limited (ASX:LCK) is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP). The LCEP will produce nitrogen-based fertiliser and/or hydrogen products at Leigh Creek by utilising In Situ Gasification technologies.

LCK is committed to developing the LCEP using a best practice approach to mitigate the technical, environmental and financial project risks. For information on the ISG process [CLICK](#)