



22 October 2015

Manager Companies
Companies Announcements Office
Australian Stock Exchange Limited

LEIGH CREEK ENERGY LIMITED

ASX ANNOUNCEMENT

Strategic Advisory Agreement with EAS ADVISORS LLC

Strategic Advisory Agreement

The Board of Leigh Creek Energy Limited (“**LCK**”) is pleased to announce that it has signed an Advisory Agreement with EAS Advisors LLC (“**EAS**”).

EAS is a boutique advisory firm based in New York (USA). EAS are well known for advising natural resources companies at relatively early stages through large-scale development. EAS’ business is based on knowledge, insight, and having access to a large pool of traditional and non-traditional sources of capital in North America and elsewhere.

EAS will be supporting LCK’s efforts across a range of areas including capital raising (equity and debt), strategic advice and international investor relations.

LCK Capital Structure

LCK, with EAS’s support, is currently designing a capital structure that will optimize returns to shareholders whilst reducing overall risk.

LCK’s planned Leigh Creek Energy Project (“**LCEP**”) has a number of specific factors that will assist in lowering the overall capital requirements and cost of capital including:

- the LCEP will involve a number of asset components including infrastructure and (potentially) an associated fertiliser plant;
- The development pathway of the LCEP is framed by yet to be concluded gas supply contracts and lends itself to a modular design with plant being replicated to match gas supply ramp up.
 - Stage 1 – appraisal drilling followed by JORC resource delineation and gas resource certification;
 - Stage 2 – ISG demonstration and gas flaring
 - Stage 3 – commercial gas production and sales
 - Stage 4 – Fertiliser plant adjoining being fed by hydrogen and other waste products;
- LCK has significant tax losses. In terms of context, the existing \$38.9m tax losses approximately equates to the current market capitalisation of LCK;

- Following consultation with external tier 1 advisors LCK expects to be in a position to benefit from the R&D tax offset arrangements. This flows from the intended demonstration of in-situ gasification (ISG) and the design and construction of Australia's first commercial scale ISG project.

With EAS' assistance, the process of developing our optimal capital structure will involve further investigation of many funding options, including:

- Potential to option gas volumes, or otherwise monetise some of our soon to be quantified available gas (this alone has a dramatic positive impact on the project return as it reduces the requirement for early equity);
- Stage 1 and 2, likely to be funded predominately by a mix of equity and gas monetisation.
- Capital requirements for stage 3 (commercial gas production – possibly itself staged) to be met from equity, gas monetisation and debt;
- Stage 4, (fertiliser plant) has a range of options regarding its funding; separate IPO, sale to a cornerstone, or funded from internal cash flows and debt.
- LCK can later choose to sell off part, or all, of these assets once they de-risk in order to enhance returns to LCK shareholders;
- In separating various assets, much of the associated debt funding is likely to be securable over specific assets and/or their cash flows.

The layering and structuring of the funding requirements acts to significantly improve shareholder returns whilst reducing overall risk.

LCK Commentary

Commenting on the Strategic Advisory Agreement with EAS, Mr Peters, Chair of LCK noted that:

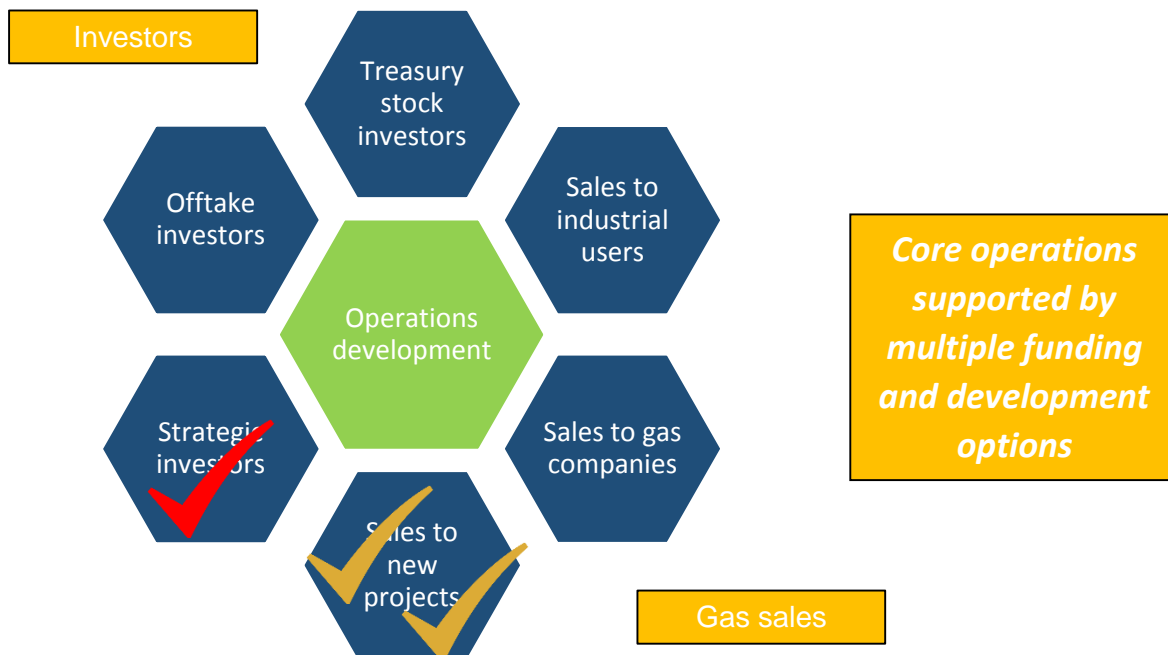
“I am very pleased to be working with EAS who are highly regarded within the United States and Australia and have a tremendous record of success.

I believe EAS's early involvement with Australian listed companies has significantly enhanced these companies' early growth by providing strategic advice and pathways to early capital not easily available in Australia.

The ability to raise capital is itself a milestone for investors and EAS has a high level of knowledge of ISG and the increasing gas shortage in Australia.”

Strategic Fit

The completion of this agreement with EAS marks another milestone in the achievement of our strategic objectives as first illustrated in the LCK quarterly from June 2015.



The two gold ticks represent the heads of agreement with AET Investments and Archer Exploration to develop a chemical/fertilizer facility and a magnesia project respectively. The red tick represents this announcement of the strategic advisory agreement with EAS Advisors LLC.

For further information contact:

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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 methane and fertiliser from the remnant coal resources at Leigh Creek utilising In Situ Gasification 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 to as low as can be reasonably achieved.

About EAS Advisors, LLC

EAS Advisors, LLC is a private, New York-based boutique investment advisory firm providing a unique service to small and mid-cap companies operating in selected industry sectors. The foundation of EAS's business is built on industry knowledge, capital markets insights and access to a deep pool of traditional and alternative sources of capital. In addition to exposure to US investors, EAS provides public and private companies with access to local industry contacts to enhance their growth and expansion. All securities in the United States are offered by EAS through Merriman Capital, Inc, a member of FINRA/SIPC.