



30 October 2015

Manager Companies
Companies Announcements Office
Australian Stock Exchange Limited

Quarterly report for the three months to September 30, 2015

Highlights

- No safety incidents during the period.
- Name changed to Leigh Creek Energy Limited (LCK).
- Heads of Agreement with Archer Exploration Limited signed whereby Archer will work with LCK to explore synergies on their respective Leigh Creek projects.
- Heads of Agreement with AET Investments Unit Trust signed whereby AETI will work with LCK to develop a chemical and fertilizer facility at Leigh Creek.
- Gas marketing accelerating.
- Appointment of Justin Haines as General Manager Technical, with direct prior experience in In Situ Gasification (ISG).
- Appointment of Greg English as non-executive director.

Subsequent to quarter end the following has occurred;

- Significant additional historic drill data located and currently being assessed which will likely bring forward coal resource and gas resource assessment.
- Mandate signed with EAS Advisors LLC of New York, USA for strategic, capital raising (debt and equity) and investor relations advice.
- Mandate signed with APP Securities Pty Ltd, for provision of detailed initial analyst research on LCK, maintenance of coverage and support in the Australian and Asian market via their network for the Australian component of capital raising.

Project Development

Staff Hiring

The Company is continuing to identify suitable personnel for the future team which will continue to develop the LCEP. The slowdown in the mining and energy sectors is providing opportunities to attract good people at this time. We expect new starters to commence in the coming months.

Leigh Creek Energy Project (LCEP)

New data and appraisal drilling

Appraisal drilling planned for Q4 2015 is presently being altered because of the uncovering of previously unavailable historic information. The data includes geophysical logging, coal quality data and original coal samples from the target seams at the LCEP.

The planned drill holes are being reassessed with the new data to optimise the program and maximise the resource model. We intend to move the location of some of the planned drill holes.

The historic information is presently being analysed and is expected to provide sufficient additional information to allow a complete geological model and resource estimate to be attained.

The newly acquired coal samples from the LCEP target coal seams will be utilised for coal gasification testing.

We now intend to undertake a two stage process for the near term coal and gas resource assessment:

1. Assimilation and assessment of recently located data and testing of coal samples. This is likely to result in a coal geological model and resource estimate. The resource estimate is the precursor to the development of an in situ gas reserve estimate.
2. Following completion of the revised appraisal drilling program an updated resource estimate and gas reserve.

We intend to have the initial results before Christmas 2015.

Importantly the gas resources in place and estimations of gas recoverable underpin the step of seeking binding gas contracts and possible gas options or gas sales in ground. We intend to monetise some gas in the June half 2016 period.

Leigh Creek Coal Mine Closure

At the mine site, LCK continues to work closely with Alinta Energy, the operator of the Leigh Creek Coal Field, on access and safety requirements.

Discussions have taken place to ascertain what assets (buildings, plant and equipment) we may be able to utilise once Alinta leaves the site. This has the potential to reduce capital costs during the Stage 1 demonstration period.

Port Augusta Power Station Closure

The Port Augusta power stations located 255km to the south of the LCEP are to also close (current timing around March / April 2016).

The shrinking of base load electricity supply in South Australia now makes the State vulnerable to a lack of electricity supply when wind power is not despatching. At such times electricity on high demand days will need to come from the interconnect to eastern states, notably Victoria.

When the interconnect is down, for example during a bushfire event, then it is possible that South Australia may experience a shortage of electricity.

We have our own power needs at the LCEP where will produce our own electricity.

Due to the significant change in the supply situation a clear opportunity to supply peaking power into the grid now exists.

Whilst incremental, this is potentially a highly profitable option that we are now considering in our planning. The LCEP is already connected to the State grid.

Gas Storage

LCK has always considered gas storage at the LCEP for operational and financial reasons as a possibility. This storage has two forms; gas product and waste carbon dioxide sequestration.

The recent \$1.78 bn purchase of the Iona gas storage facility located in Victoria by Queensland Investment Corporation (from Energy Australia) has confirmed that further examination of the potential for gas storage at Leigh Creek is justified.

The coal and surrounding strata at the LCEP will be assessed for gas storage suitability and commercially modelled in the coming months.

Storage reservoirs are used to store gas on behalf of customers during periods of low gas demand.

The gas injected and stored is withdrawn from storage during periods of high demand (such as winter in the Southern States) and to support variable demand loads such as gas fired peak power generation.

Corporate

Change of Name

Name change to Leigh Creek Energy Limited approved by shareholders at the General Meeting held on 28 August 2015, with ASX code altered to "LCK" as of 3 September 2015.

Mandate with EAS Advisors

Subsequent to the September quarter, LCK signed a mandate with EAS Advisors (**EAS**). EAS is a boutique advisory firm based in New York (USA) well known for advising natural resources companies at relatively early stages through large-scale development.

EAS will be supporting LCK's efforts across a range of areas including capital raising (debt and equity), strategic advice and international investor relations. LCK, with EAS's support, is currently designing a capital structure that will optimise returns to shareholders whilst reducing overall risk.

Mandate with APP Securities

Subsequent to the September quarter, LCK signed a mandate with APP Securities. Their senior resource analyst spent 4 days in Adelaide and on site at the LCEP recently, including meetings with government, and we will make their research report available when completed.

AET Investments

In the long terms there is potential to develop a fertiliser plant which utilises waste products from the LCEP (hydrogen, nitrogen and carbon dioxide). This option will only be developed subsequent to the LCEP reaching commercial production. LCK recently signed a Heads of Agreement with AET Investments (AETI). This is important as it represents a significant value adding opportunity that we can add onto the core LCEP effort.

Archer Exploration

LCK have signed a Heads of Agreement with Archer Exploration Limited which is aimed at establishing a magnesia plant adjacent to the Leigh Creek Energy Project which could use gas, electricity and waste heat generated by the LCEP.

Gas Marketing

Gas marketing continues with the aim of monetising some of the gas in ground, once LCK obtain resource certification. The Company considers gas monetisation to be a significant and prudent method of raising early capital, and an alternative to equity capital.

Gas monetisation also allows investors to place an immediate price on all recoverable gas resources.

Stakeholder Engagement

LCK has now actively increased stakeholder engagement efforts across a wide spectrum of parties, individuals and localities.

With the impending closure of mining activities at the Leigh Creek Coal Field (Dec quarter 2015) and the associated closure of power stations at Port Augusta (June half 2016) there is great community concern with regard to the future of the town of Leigh Creek and surrounding communities.

We strongly believe that Leigh Creek has a long term future and we look forward to helping the town and regional community's best manage the difficult process of transition that is now ongoing. Unfortunately our own efforts cannot fully offset impending job losses expected in 2016, even though we anticipate that the size of construction activity planned for 2017/18 and then operational needs from 2018/19 will likely offset job losses.

Strengthening the Team

Appointment of General Manager Technical

On 16 September Mr Justin Haines was appointed to the position of General Manager Technical to oversee the Company's ISG projects and technical development. Mr Haines has broad experience across engineering and geological services for multiple commodities including coal, iron ore and uranium. Most recently, Mr Haines worked as Technical Manager for Carbon Energy, an ISG technology developer who successfully operated their demonstration facility in Queensland under the direction of the Queensland Government's UCG Trial Policy.

Appointment of new director

The Board welcomes the arrival of Mr Greg English to the Board as a non-executive director. Mr English is an experienced mining engineer and lawyer with over 25 years of involvement in the resources industry. Greg's experience in the coal industry, and in particular his knowledge of the Leigh Creek Coalfield, and experience and contacts in the oil and gas industry will complement the skills of the board. Both Mr Peter Williams (effective 15/10/15) and Mr Christopher Schacht (effective 30/10/15) have resigned as non-executive directors of the Company.

Finance

At the end of the quarter, LCK's cash balance was \$258K. It is expected that settlement on the sale of the treasury shares will occur in the December 2015 quarter. A summary of the cash flows for the quarter are attached in the Appendix 5B.

Commenting on the quarterly progress, Managing Director David Shearwood said:

"The past few months have been an extremely positive experience for LCK.

The focus of our efforts has moved from corporate restructuring and laying the foundations to project development and signing mandates with EAS who can help optimise returns to shareholders.

Our progress with the acquisition of significant data and appointment of key personnel has allowed us to accelerate the LCEP so that we now anticipate independent coal resource data to be available ahead of Christmas 2015.

Associated gas resource data then underpins the gas commercialisation process as well as gas monetisation."

For further information contact:

Justyn Peters
Executive Chairman
Leigh Creek Energy
Ph: (08) 8132 9100

Media

Adam Jarvis
Six Degrees Investor Relations
Ph: 0424 297 736
Email: adam.jarvis@sdir.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 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Leigh Creek Energy Limited

ABN

31 107 531 822

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(296) (923)	(296) (923)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,216)	(1,216)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,216)	(1,216)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(1,216)	(1,216)
1.20	Cash at beginning of quarter/year to date	1,474	1,474
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	258	258

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	112
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 includes salaries and directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	-
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	95
4.2 Development	-
4.3 Production	-
4.4 Administration	915
Total	1010

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	104	30
5.2 Deposits at call	154	1,444
5.3 Bank overdraft	-	
5.4 Other (provide details)	-	
Total: cash at end of quarter (item 1.22)	258	1,474

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	N/A			
7.2				
7.3				
Preference + securities (description)				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
+Ordinary securities	230,519,472	230,519,472 (Of which 104,767,190 Escrowed for 2 years from 03.07.2015 and 35,544,493 Escrowed for 1 year from 29.06.2015)		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	750,000		<i>Exercise price</i> 1.727	<i>Expiry date</i> 01.11.2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Company secretary

Date: 30 October 2015

+ See chapter 19 for defined terms.

Print name: Jordan Mehrtens

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==