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2015

ANNUAL REPORT

1st July 2014 to 30th June 2015

Leigh Creek Energy Limited

ACN 107 531 822

(formerly Marathon Resources Limited)

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Annual Report

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Corporate Directory

Directors

Daniel J Peters	EXECUTIVE CHAIRMAN
Peter Williams	NON-EXECUTIVE DEPUTY CHAIR
David K Shearwood	MANAGING DIRECTOR
Christopher Schacht	NON-EXECUTIVE DIRECTOR
Gregory English	NON-EXECUTIVE DIRECTOR

Company Secretary

Stuart Appleyard (Retired 16 September 2015)
Jordan Mehrrens (Appointed 16 September 2015)

Registered & Principal Business Office

Level 11, 19 Grenfell Street
Adelaide South Australia 5000

Bankers

Commonwealth Australia Bank
96 King William Street
Adelaide South Australia 5000

Principal Lawyers

Watsons Lawyers
Ground Floor
60 Hindmarsh Square
Adelaide South Australia 5000

Auditors

Grant Thornton South Australian Partnership
Level 1 67 Greenhill Road
Wayville SA 5034

Share Registrar

Computershare Registry Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
Investor enquiries: 1300 556161
International: +61 3 9415 4000

Leigh Creek Energy Limited

(formerly Marathon Resources Limited)

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www.lcke.com.au

Competent person statement: The information in this report relating to exploration results is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Forward looking statements: This report contains forward looking statements which are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to vary materially from those expressed or implied in such forward looking statements. Leigh Creek Energy Limited does not make any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. The forward looking statements reflect views held only as at the date of the Report.

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Chairman's Letter

It is with much pleasure that I am able to update and address the Leigh Creek Energy (LCK) shareholders in this annual report as efforts to develop the Leigh Creek Energy Project (LCEP) start to ramp up.

Our decision to focus our project in South Australia (SA) was well founded as we are fortunate to be operating in an environment where the support from senior politicians and throughout government departments has been tremendous: they set an example other states should follow. SA has a publicly enunciated supportive stance on In Situ Gasification (ISG) through the government publication "Roadmap to Unconventional Gas Projects" and in the SA Petroleum and Gas Legislation. SA has been independently ranked as one of the best places in the world to conduct energy exploration and development (source: Fraser Institute, Global Petroleum Survey 2014).

With regard to the planned closure of the Leigh Creek Coal Mine, associated railway and the Port Augusta Power Station, we are very mindful of the impact on Regional SA with job losses in the regional communities of Leigh Creek and Port Augusta. I am pleased to be able to inform you that LCK is working with various government departments and community organisations as well as public and private companies in an attempt to accelerate our own efforts to help create an industrial and mining hub at Leigh Creek. The successful commercialisation of the LCEP is key to all of these developments. In anticipation of commercial gas production from the LCEP, we have progressed discussions with several local projects and have signed:

- A Heads of Agreement with AET Investments (AETI). This is in anticipation of the planned establishment of an ammonium nitrate plant which would use non pipeline waste gases (nitrogen and hydrogen) from the LCEP to manufacture fertilisers to service the demands of SA farmers and ammonium nitrate (explosives) to be used at SA mines and quarries for their bulk blasting needs. Fertiliser and ammonium nitrate are presently fully imported into SA. Our local farmers are presently burdened with shipping, storage and freight costs as well as price volatility, shortage of supply and generally higher prices when compared with other farming regions. LCEP derived fertiliser should reduce some of these cost burdens for SA farmers. AETI also wishes to establish a blasting accessories assembly plant within the next 6 to 12 months at Leigh Creek which is expected to create 11 jobs.
- A Heads of Agreement with Archer Exploration Limited (AXE) which is aimed at establishing a magnesia plant adjacent to the LCEP (within 20km of the Leigh Creek Coal Mine) which could use gas, electricity and waste heat generated by the LCEP. It is our aim to develop this complementary project turning magnesite rock (magnesium carbonate - $MgCO_3$) into value added Magnesia (MgO). This process requires large amounts of energy. Magnesia is used in a myriad of ways including refractories, animal feed and environmental remediation of acidic waste and soils. This project has been extensively examined and had a number of feasibility studies conducted on the resource. Whilst the grade and quantity of the magnesite rock is world class, the single biggest obstacle to commercial viability has been the cost of electricity, gas and heat. The LCEP can provide electricity, gas and heat at a price that makes the magnesite project viable. AXE is also investigating an intermediate step whereby it exports magnesite rock via the facilities at the existing Leigh Creek Coal mine, including the rail network, to existing magnesia processing facilities offshore.

Chairman's Letter con't

We are also working closely with Alinta Energy in an effort to come to a positive outcome with regards to medium and long term issues associated with the closure of the Leigh Creek Coalfield in an attempt to minimise regional job losses. Whilst it is unfortunate that Alinta has decided to close the operations, they have been extremely accommodating and incredibly supportive to us in the hope we will contribute to a new future for Leigh Creek. Alinta has stated that coal mining at Leigh Creek is planned to cease in the near future, however we are planning to drill within the active coal operation in the near term. Rehabilitation of the site will see Alinta's presence in the region continue for some time with remediation and closure work likely to extend into 2016/17.

Once the LCEP starts production of gas and subsequently fertilisers, and assuming additional projects have been attracted to the Leigh Creek area, we believe that we can offset the job losses from the mine closure and likely even see sustainable growth of Leigh Creek and the surrounding regional areas for another 30 years. Our efforts today are aimed at attracting jobs in the intervening period (2016) until full field construction and production of gas commences which is planned for 2018-19.

Operationally, it is pleasing to watch the core professional team at LCK expand and deliver the necessary geological work, stakeholder engagement, environmental base line studies, engineering design work and the gas marketing required to deliver the LCEP. The present downturn in the mining and energy industries has afforded us the opportunity to attract excellent experienced professionals and it is great to see the company grow with a mixture of young enthusiastic people and older, more experienced heads.

As part of the process of strengthening the board with members with suitable skill sets we are very pleased to have Mr Greg English join as a non-executive director. Mr English is both a mining engineer and lawyer and he has worked at Leigh Creek. His legal experience includes energy industry construction, pipeline and production contracts. It is our intention to maintain a board where there is a majority of independent non-executive directors.

Finally, there is a lot of work that needs to be undertaken over the next 12 months to consolidate a strong foundation for our success and I look forward to sharing that progress with you at the pending Annual General Meeting (AGM) and over the year ahead.



Justyn Peters
Executive Chair

Managing Director's Report

I am excited to be sharing LCK's progress with you all at this time of rapid growth.

Background

On 27 May 2015 the shareholders of Marathon Resources Limited voted in favour of the acquisition of ARP TriEnergy Pty Ltd which owns the Leigh Creek Energy Project (LCEP) located within PEL 650 in South Australia. The Company was relisted on the Australian Stock Exchange (ASX) on 3 July 2015.

At an Extraordinary General Meeting on 28 August 2015 shareholders voted overwhelmingly in favour of the change of name to Leigh Creek Energy Limited - LCK. This provides a new start for the Company and best describes our core focus. The ASX code is LCK.

In a further reflection of our rapid growth we relocated our offices to the CBD of Adelaide in September 2015, to new premises with sufficient space to house us for the foreseeable future.

The timing of relisting means that the vast bulk of what follows took place after the June 30, 2015 balance date. However given the rapid development of the Company in recent months it is appropriate to detail these events.

LCEP Rationale

LCK is developing the LCEP with the initial objective of producing sales gas for delivery into the supply constrained gas market in the Eastern Australian States. The gas will be produced via In Situ Gasification (ISG) (ISG is discussed further below). Production of ammonia and its secondary products including fertilisers and blasting agents from the waste energy gases will commence as soon as practicable after commencement of operations.

The LCEP has a number of distinct advantages as it is located on an existing mine site, has access to existing infrastructure, is supported by a positive political and regulatory regime, a skilled local workforce, and significant historical work has been completed on both the geology and ISG suitability.

Once commercial production has been achieved then LCK will proceed to develop further value adding initiatives e.g. the production of fertiliser from LCK waste products.

This is an opportune time to be a supplier to the gas markets. Gas (methane or natural gas) remains in short supply in eastern Australia, driven by the rise in demand by recently started and soon to be completed new liquefied natural gas (LNG) projects located at Gladstone in Queensland (See Figure 1).

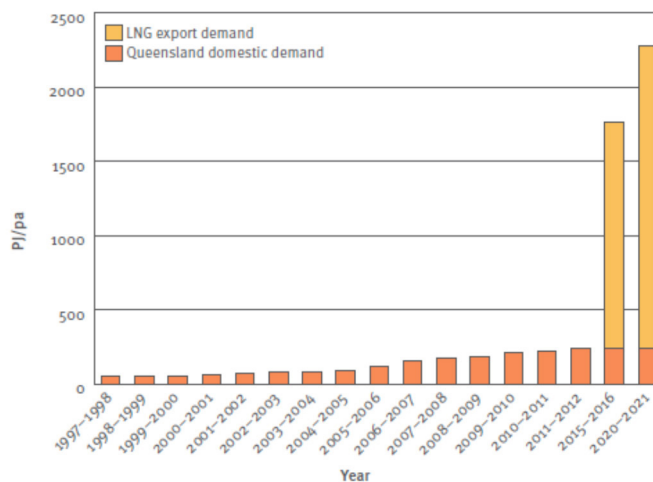


Figure 1: Queensland domestic gas demand and projected gas demand for LNG exports. (Queensland Department of Energy and Water Supply, 2012 Gas Market Review).

Managing Director's Report con't

Total gas demand across the interconnected gas networks of South Australia, Victoria, New South Wales, Queensland and Tasmania was 740 PJ in 2012. The three committed projects, with six LNG trains (a liquefied natural gas plant's liquefaction and purification facility), will require a minimum of 1,518 PJ of gas per annum – a total demand representing a threefold increase over the 2012 demand on the east coast.

The supply situation is expected to become extremely tight, being further exacerbated by the ongoing depletion of easily recoverable conventional gas supplies in Australia. This tight supply situation is evidenced by the fact that some major industrial users of gas have already reported that they are unable to secure domestic gas supply contracts during the period 2015-2020 at any price.

From a macro perspective, with current proved plus probable (2P) conventional reserves limited to around 7,000PJ it is clear that unconventional gas will be the driving force of future expansions (note that currently coal seam gas (CSG) supplies approximately 80% of the Queensland market). The costs of unconventional gas are higher than conventional gas. The current cost of CSG is around \$4.40 - \$5.60/GJ and is expected to rise to a level of around \$7/GJ at a 2P reserve level of 80,000PJ.

With restricted demand and tight supply, prices are expected to rise significantly. The medium forecast for long term gas price is \$10/GJ (gigajoule) as shown in Figure 2.

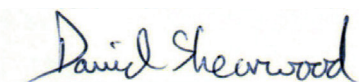
From an LCK perspective this compares to expected production costs of less than \$3/GJ. LCK expects to be a low cost producer in a tight market with rising prices. This is a niche that offers LCK the opportunity to create a long and prosperous future.

Financial Result

The accounting rules for reverse takeovers require the accounts to be presented as if ARP TriEnergy were the parent. This requirement, and the requirement to measure the transaction value at the date of final completion of the transaction (June 29, 2015), results in a current year accounting loss of \$17.6 million. I refer you to the CFO's Report for more details.

Summary

In conclusion, I would like to thank our people for their commitment and efforts throughout a difficult year. Their efforts have laid the foundation for all that is to come and I look forward to an exciting and prosperous future for Leigh Creek Energy Limited as we rapidly develop the Leigh Creek Energy Project.



David Shearwood
Managing Director

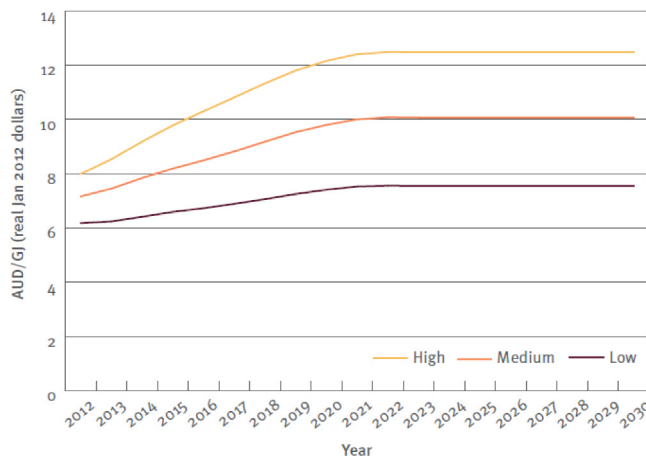


Figure 2: Range of Queensland long-term ex-field gas contract price outcomes (\$/GJ). (Queensland Department of Energy and Water Supply, 2012 Gas Market Review).

Chief Financial Officer's Report

Explanation of accounting loss

The audited financial statements for Leigh Creek Energy Limited (ASX: LCK) ("LCK" or "Company") for the year ended June 30, 2015 show a loss of \$17.6m, including transaction costs of \$16.7m as a result of applying reverse acquisition accounting. Having regard to the magnitude of this item a further explanation is warranted.

The transaction costs represent a non-recurring non-cash item.

The transaction costs arise due to the basis of measurement of the reverse acquisition (transaction) undertaken during the year.

From an accounting standpoint, ARP TriEnergy Pty Ltd acquired 100% of LCK. The transaction costs represent the excess of the deemed value of LCK over the net assets acquired. They arise largely due to the rise in the share price of LCK between December 2014, when the terms were broadly agreed, and June 2015 when the transaction was completed. This is explained further below:

- A non-binding term sheet for the transaction was announced to the market on December 1, 2014 when the LCK share price was 2.8 cents. At this time the terms of the transaction were substantially settled. The key terms remained largely unchanged from this point on.
- The net assets from the Leigh Creek Energy accounts published as at December 31, 2014 were \$3.0m (this was before the name change when the company was called Marathon Resources Ltd). Using this figure to approximate the net assets purchased at the time the term sheet was concluded would have been reflected in the financial statements as:

Approximate Transaction Costs at December 31, 2014

	\$m
Deemed value of LCK (92.2m shares at 2.8 cents)	2.6
Net assets acquired (approximated from the published accounts)	3.0
<u>Gain on acquisition</u>	<u>0.4</u>

- Under the accounting standards the deemed value of LCK is measured at final completion (June 29, 2015). At this time the LCK share price had risen to 20 cents. As a result the actual transaction costs were recorded as:

Transaction Costs Recorded at June 30, 2015

	\$m
Deemed value of LCK (92.2m shares at 20 cents)	18.4
Net assets acquired at June 29, 2015 (date of completion)	1.7
<u>Transaction costs recognised in the June 30, 2015 audited financial statements</u>	<u>16.7</u>

In summary:

- The bulk of the transaction costs recorded in the accounts result from the timing of the calculation of the deemed value of LCK and the share price movement over the period in question; and
- The transaction costs are a non-recurring non-cash item. They do not impact the future development potential of LCK's projects.

Chief Financial Officer's Report con't

Tax Losses

LCK had accumulated tax losses of approximately \$38.9 million prior to the reverse takeover. These have not yet been brought to account due to insufficient certainty that LCK will generate future taxable profit against which these losses may be utilised.

When LCK achieves profitability it is expected that these tax losses will be available to be utilised.



Phil Staveley
Chief Financial Officer

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Operations Report from the Managing Director

LEIGH CREEK ENERGY PROJECT (LCEP)

The LCEP effort continues to grow, with seven main focus areas being:

1. Safety;
2. Environmental;
3. Geological;
4. Technical (ISG);
5. Stakeholder Engagement;
6. Downstream products (eg. fertilisers and blasting agents); and
7. Gas marketing.

Safety

LCK is currently in the process of implementing safety protocols and systems with the aim of **zero harm** so that we can return our workforce, contractors and visitors home safely at the end of each day.

Safety is obviously a lot more than reporting statistics. We are striving to create a safety culture where there is a real understanding and determination to combine the safety objectives with corporate responsibility as well as individual vigilance. We have been focused on safety since the earliest part of our planning.

In a reflection of the importance we place on zero harm LCK's Manager of Health and Safety, Mr Les Smith, reports directly to the Board.

Our safety personnel have been working closely with Alinta Energy as we progress efforts and planning for the LCEP. We have the unusual situation of working within our own safety systems which must be aligned within the responsibilities of Alinta Energy's safety systems as they are presently an operating mine site.

Environmental

The LCEP is located outside the Great Artesian Basin (GAB) on an existing coal mine site where water at depth is saline. Coal mining on the Leigh Creek Coal Mine has been undertaken continuously since the 1940's, until recently by SA government authorities.



Figure 3: Retention Dam at Leigh Creek.

As such it has advantages over many other project sites:

- there is a wealth of historical information available; and
- the location has significant land disturbances as a result of historic mining.

Operations Report from the Managing Director con't

Base level data gathering is fundamental to our understanding of the local environment. This is now underway and will align with analysis of the vast amount of regional and site specific work that has been previously undertaken. At the mine site numerous studies have been undertaken and monitoring continues.

Geological

Appraisal drilling is expected to commence in late 2015 to reaffirm historic drilling, rock and coal testing and geophysics. This drilling programme is expected to provide sufficient information to provide a JORC 2012 coal resource. In addition it will test the lateral and depth extents of the coal seams which have not previously been assessed. We refer to this program as appraisal drilling because there has been prior drilling and extensive geophysical seismic surveys which we have reprocessed. Essentially we are modernising data and mapping the extent of coal available.

We intend, once JORC compliant coal resources are established, to have the gas resources independently compiled in support of gas marketing and project planning efforts.



Figure 4: Employee examining the coal at Leigh Creek.

The planned well sites for the current round of drilling are shown in figure 5 below. The red lines represent historic 2D seismic lines which have been reprocessed.

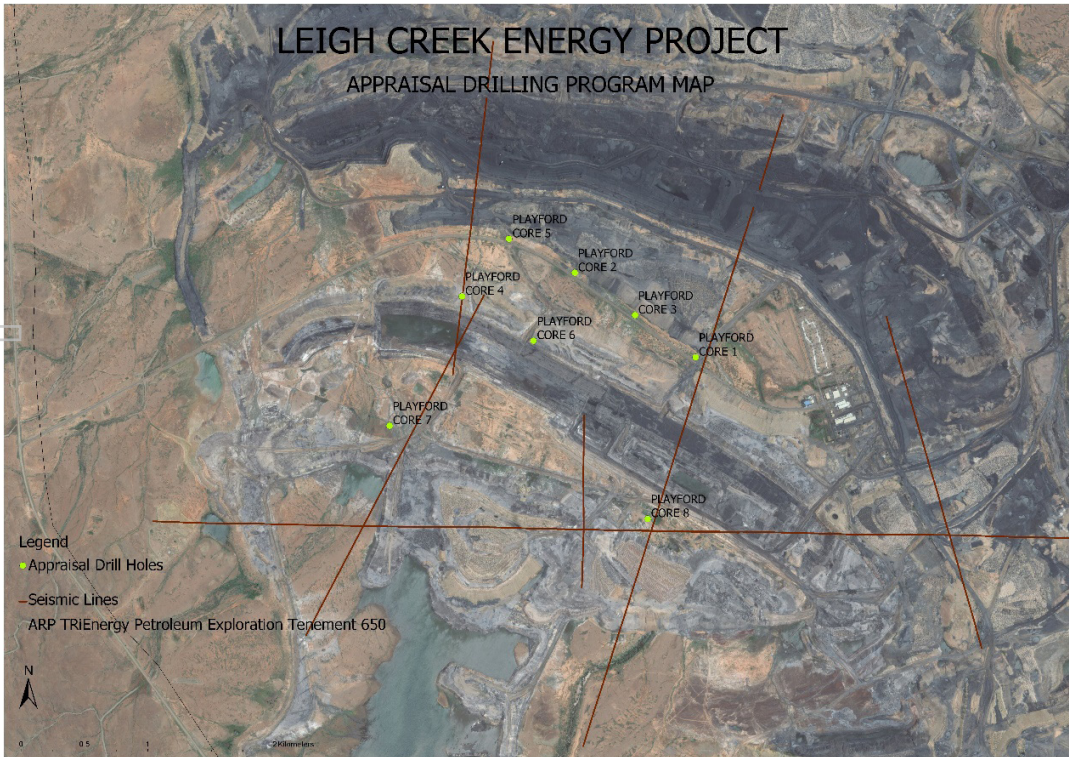


Figure 5: Well locations and reprocessed seismic lines.

Operations Report from the Managing Director con't

Figure 6 is an example of one reprocessed seismic line. The darker areas represent stratigraphic units in the subsurface to be targeted during drilling.

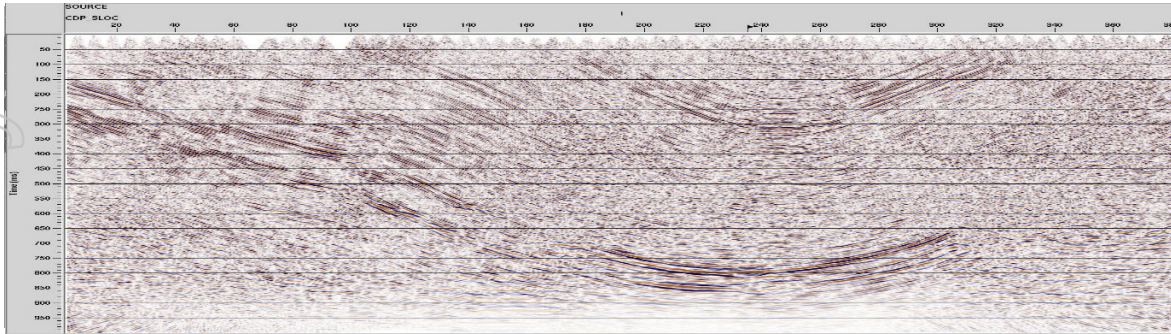


Figure 6: LCEP Reprocessed seismic line LC78B (1978).

Drilling will include first a narrow chip hole to clearly identify depth to various rock layers and depths to coal seams using downhole geophysics, followed up by an adjacent chipped then cored hole to accurately obtain core samples from the roof, coal seam and floor rocks. This is a low risk means of obtaining the information we require.

Technical (ISG)

LCK has recently appointed Mr Justin Haines (formerly with Carbon Energy Limited) as General Manager Technical.

Mr Haines is an experienced practitioner of ISG and is well placed to direct the necessary bottom up design work to demonstrate ISG as he oversees detailed design of the planned commercial ISG project.

Mr Haines is building the engineering and environmental teams which are working together on engineering design, logistics and government approvals for the Stage 1 - ISG gas flaring demonstration as well as early work on the Stage 2 ISG full field commercialisation. He will also oversee the geological work program.



Figure 7: Mr Haines

A prior study of Leigh Creek coal by Golder Associates confirmed the suitability of the deposit for ISG. Planned test work is aimed to reaffirm historic ISG suitability test work and provide up to date technical parameters which will be inputs into the ISG gasifier design for Stage 1 gas production and later the Stage 2 ISG commercial project.

Stakeholder Engagement

Achieving a “social licence” to operate is an important aspect of the LCEP development. We have now formally commenced wide ranging stakeholder engagement efforts and will soon become more public with our profile. These efforts range across a number of different stakeholder groups with each group being managed by those best placed to interact with various parties:

- Landowners - indigenous and pastoral;
- Regional communities;
- Government - State, federal and local (politicians, government departments, committees and their service providers);
- Investors (existing and potential); and
- Gas customers.

Operations Report from the Managing Director con't

Fertiliser

In the long term there is potential to develop a fertiliser plant which utilises waste products from the LCEP. This option will only be developed subsequent to the LCEP reaching commercial production. LCK recently signed a Heads of Agreement with AET Investments (AETI), as referred to in the Chairman's address. This is important both as a risk diversification strategy and also because it represents a significant value adding opportunity.

CORPORATE SUPPORT

In order for the LCEP to be successful we must also be successful in our functions in the corporate area. Key corporate support efforts for the LCEP include Gas Marketing and Investor Relations. The General Manager Commercial, Mr Garry Marsden (formerly at AWE Limited and Oil Search Limited), has joined the team and is presently focussed on gas marketing and the design and implementation of a regular investor relations program.

Gas Marketing

Gas marketing has a number of objectives at this stage of the LCEP including:

1. Seek to provide long term gas contracts to South Australian manufacturers who are likely to have difficulty obtaining secure gas supply. This helps support jobs in our local community;
2. Seek to partner with a major, or group of major, gas customers to option the gas output from the LCEP.

The second objective will allow project planning to marry the ramp up of gas production to meet customer needs. In addition, it is intended that gas option payments, likely linked to project milestones, will support funding needs going forward. We anticipate achieving this by offering to secure significant customer gas needs at a modest discount to the expected future wholesale gas price.

Investor Relations

There are two key investor relations focusses:

- Supporting the information needs of existing shareholders; and
- Educating a wider potential shareholder base.

Regular meetings with current and potential investors allows them to better understand our people, our goals and our achievements.

Investors, including institutional investors, will put LCK on their radar as a potential investment, subject only to the market capitalisation and their view of value. We are targeting Australia, USA/Canada and the UK for institutional support.

The focus on North America provides exposure to investors who are knowledgeable in the energy space and who have witnessed the gains from modest sized early practitioners in the shale gas boom who were often taken over by major energy companies seeking a new arm to their businesses.

There is no intention to dual list as many North American and UK funds can invest directly into Australian listed shares. We have witnessed numerous dual listings over the years and believe many served only to increase corporate overheads as investing participants traded shares in the most liquid domicile.

Operations Report from the Managing Director con't

Shares in escrow (for 1 to 2 years) make up 60% of the shares on issue. This is the main cause of the low liquidity (approximately 0.5% to 1.1% of total shares traded per month based on the limited trading since relisting). This lack of liquidity typically can cause, on occasion, extreme volatility in the share price. The low liquidity of the Company's shares, caused by the tight share registry, means that any institutional interest in the Company may be difficult to readily fulfil.



Figure 8: LCK share price chart.

Our fundamental belief is that, if the Company has good prospects and that these are well communicated, then the share price will reflect the underlying value and potential in the longer term.

Operations Report from the Managing Director con't

IN SITU GASIFICATION

A description of ISG is provided below to assist stakeholders to better understand our business.

Surface Coal Gasification and In Situ Gasification

Surface gasification of coal was originally used for making town gas. The first commercial gasification was used in the 1800's for industrial and residential heating and lighting.

In gasification, a thermo-chemical process takes place, rather than burning coal directly, to break down the coal into its basic chemical constituents. In modern gasifiers the coal is typically exposed to air or steam and oxygen under high temperatures and pressures. Under these conditions, molecules in the coal break apart, initiating chemical reactions that produce a syngas, typically a mixture of carbon monoxide, hydrogen and other gaseous compounds.

ISG and surface gasification can each be used to produce similar syngas that have identical downstream uses.

Gasifying the coal in situ (underground) allows the energy extraction from large coal resources that are not economically or technically recoverable by conventional mining techniques. The hazards related to conventional mining are also reduced. Surface disruption is minimised and handling of solid materials is eliminated i.e. coal and ash handling at the surface is not required. ISG consumes less surface water and generates less atmospheric pollution compared to surface gasification. Capital investment costs and syngas production costs are also less than surface gasification.

What is In Situ Gasification (ISG)?

Whilst ISG technology has been known since the 1800's, it was first adopted commercially in the Soviet Union during the 1930's and remains in use there today at the Angren plant in Uzbekistan which feeds a power generation plant. Recent advances in oil and gas technologies (notably directional drilling and computer-based process control) have combined to further enhance ISG to become more commercially attractive.

The ISG process occurs in deep (generally greater than 300m) coal seams (in situ). By creating the right process conditions (pressure, temperature, presence of oxygen or air, and sometimes steam) in the coal seam, a series of chemical reactions occur, which results in the gasification of the coal. Under this process the solid coal breaks apart into its component gases to produce a synthetic gas (syngas). ISG syngas is typically comprised of varying amounts of hydrogen, carbon monoxide, and methane plus other gaseous compounds.

The process is controlled via the injection of air or oxygen into the coal seam. These are introduced to the seam via an injection well that is drilled vertically and then horizontally into the coal seam. The injection well is connected to surface facilities including the air, oxygen and steam supply equipment.

The syngas is extracted through production wells drilled in the coal seam to the surface where the gas is cleaned for use in downstream processes or direct sale.

To facilitate flow through the injection well, gasification zone and production wells, a "link" needs to be created to enhance the in situ permeability of the coal seam. This is best achieved by directional drilling which creates a void along which gases can travel.

While the precise method to be utilised at the LCEP will be finalised during the front end engineering design phase of the project development work, based on preliminary work, it is anticipated that the establishment of the channel between the injection well and the production well will be achieved by drilling a horizontal hole. Later, heating of the coal at

Operations Report from the Managing Director con't

various locations along the drill hole is likely to utilise the Continuous Retraction Injection Point (CRIP) method. This method has been proven at several ISG trial sites and is widely considered to be the preferred method for efficient production of syngas from underground coal seams.

In the CRIP process, the production well is drilled vertically and the injection well is drilled using standard oilfield directional drilling techniques in order to connect the wells as shown in Figure 9 below.

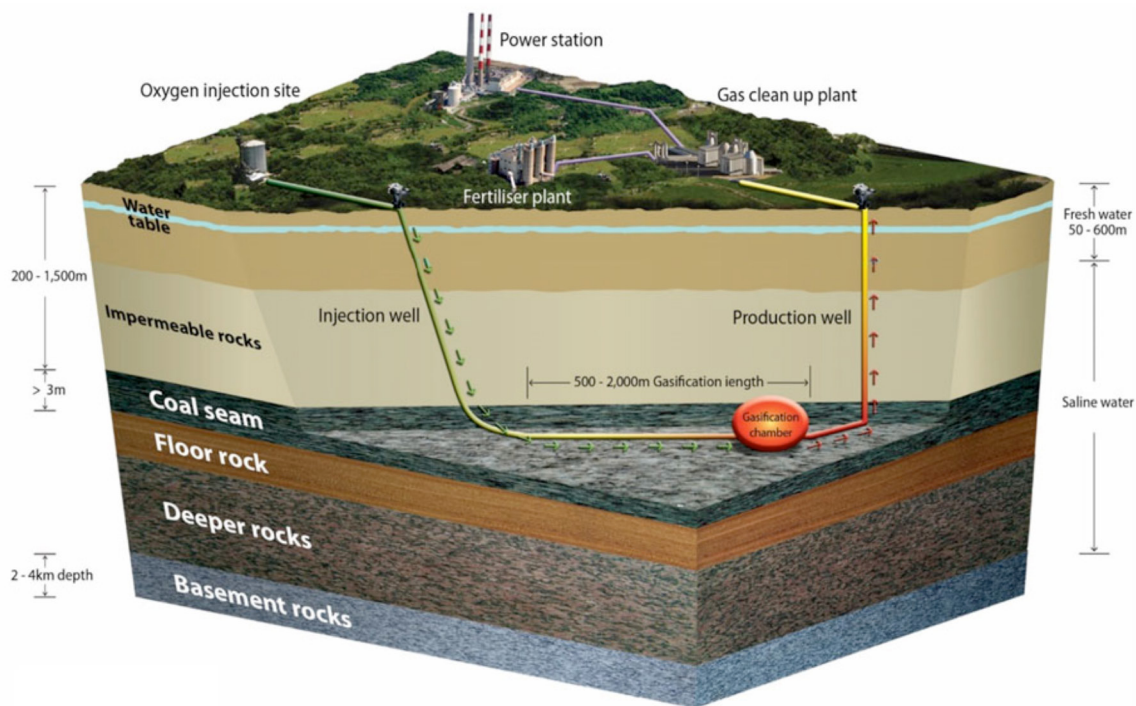


Figure 9: ISG Process.

Once the channel is established and the coal heated, a gasification cavity is initiated at the end of the oxygen (or air) injection well in the horizontal section of the coal seam. When the coal near the recently created cavity is consumed, the injection point is retracted, and a new gasification cavity initiated. In this manner, precise control over the progress of the gasification is obtained which leads to a more consistent gas composition.

Once brought to the surface via the production wells the syngas is first separated and processed and is then available for use either:

- for sale to gas customers (after separation of methane from the syngas);
- as feedstock for power stations;
- as ammonium nitrate (for the production of fertiliser and explosives); or
- for conversion to liquid fuels.

The method of processing the syngas will depend upon the composition of the gas and the end product that the Company ultimately aims to produce.

Brief history of ISG

ISG was first proposed in the 1800's. The most significant development experience has been gained in the former Soviet Union commencing in the 1920's (although interrupted by the Second World War).

Operations Report from the Managing Director con't

Following the discovery of cheap oil and natural gas throughout Russia in the 1970's and 1980's, the ISG development operations were generally scaled back as being unnecessary and uneconomic in comparison to the abundant cheap natural gas available at the time.

Following the break-up of the former Soviet Union only Kemerovo, in the Kuzbass region of Russia and the Yerostigaz station in Angren, Uzbekistan continued to operate, each producing up to 4 billion cubic metres of syngas per annum. The Kemerovo operation closed in 1996, leaving the Yerostigaz operation, located in Angren in Eastern Uzbekistan which had commenced its operations in 1961 as the only commercially operating ISG operation. (www.yerostigaz.com). Syngas produced at Angren is used to produce electricity for the city of Angren.

In conclusion, whilst the ISG technology is proven, it is yet to be adopted on a commercial scale in the western economies. This gives LCK a distinct first mover advantage and the ability to monetise that advantage in the coming years.

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Director's Report

Leigh Creek Energy Limited (previously Marathon Resources Limited) ("the **Company**" or "**Leigh Creek Energy**") is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The Company changed its name from Marathon Resources Limited to Leigh Creek Energy Limited following approval from shareholders at a General Meeting held on 28 August 2015.

The directors present their report on the group which comprises Leigh Creek Energy Limited and its controlled entities ("**Group**") for the year ended 30 June 2015.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Peter Williams	(appointed 21.05.2004)	
Christopher Schacht	(appointed 24.01.2008)	
John G. Linley	(appointed 30.06.2008)	(Resigned 28.05.2015)
Christopher Ryan	(appointed 26.02.2014)	(Not reappointed at 2014 AGM)
Daniel Justyn Peters	(appointed 28.11.2014)	
David Shearwood	(appointed 27.05.2015)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON CONTINUING DIRECTORS

Daniel Justyn Peters – LLB, BA (politics/jurisprudence) GDLP – Executive Chairman

Mr Peters joined Linc Energy soon after its IPO. At the time Linc Energy was the world leader in ISG. In his 6 years at Linc Energy Mr Peters held the positions of General Manager Environment and Government Relations, General Manager Business Development, Executive General Manager Nth Asia and finished as Executive General Manager of Investor Relations. His experience across a broad range of business units within Linc Energy will prove invaluable in developing the Leigh Creek Energy project.

Previously Mr Peters was employed at the Queensland EPA as head of investigations and Compliance and then acting Director of Central and Northern Regions. He managed the integration of the environmental regulation of Qld Mining Industry into the EPA.

Peter Williams BEc, FCA – Deputy Chairman

Peter Williams a Chartered Accountant with extensive professional and commercial experience. He has broad experience as a Managing Director and Chairman of public companies. He was a partner of Deloitte for 17 years and Managing Director of the Lloyd Helicopter group then Enterprise Solutions Asia Pacific Limited. Since then he has acted as a non-executive director of venture capital company Playford Capital Pty Ltd. He is a member of the Company's Audit Committee.

David Shearwood – B. Eng (Mining Hons) - University of Sydney (1984), Grad Dip in App Fin (SIA) (2000), Prof Dip HR (AHRI) (2006) – Managing Director

Mr Shearwood has 29 years' experience as a fund manager, strategist and investment banker at firms including Macquarie Bank, Westpac, QBE Insurance, Atom Funds Management, Du Pont and Rio Tinto. He founded Atom and developed a captive Australian equities research firm in Bangalore, India, to support the business in Australia which concentrated on small company investments. Mr Shearwood has travelled the world investigating mining, energy and infrastructure opportunities.

Mr Shearwood was one of the earliest fund managers in Australia to invest in the ISG industry. He has achieved top quartile performance as a fund manager and analyst across various sectors during his career with an emphasis on mining energy and infrastructure.

Christopher Schacht – FAICD - Non-Executive Director

Christopher Schacht is a qualified teacher who entered political service in the 1970's as a ministerial advisor to both SA State Government and to the Federal government. Mr Schacht served in the Senate of the Federal Parliament for 15 years until 2002. During his time as a Minister from 1993 to 1996, he held the portfolios at various times of Science, Small Business, Customs and Construction. Currently, a self-employed consultant, advisor and investor Mr Schacht was a board member of the Australian Volleyball Federation from 1996 to 2014 and was a member of the University of Adelaide Council from 2012 to 2014.

He is Chairman of the Australia China Development Company Pty Ltd, Chairman of Greenhouse Gas Monitor Australia Pty Ltd and Chairman of Soundstream Collective. He is the Chairman of the Company's Audit Committee.

Director's Report con't

COMPANY SECRETARY

Stuart Appleyard LLB

Appointed 28 January 2004

Stuart Appleyard is a practising lawyer with extensive experience in corporate, commercial and property law. A consultant with Lynch Meyer, Lawyers, he has a particular focus on complex commercial agreements, joint ventures, property advising and development, and due diligence associated with those areas. He has advised on mining, resource and native title issues in both South Australia and the Northern Territory. He is secretary of the Company's Audit Committee. From the 1st July 2015 he continued on as secretary in a consulting rather than salaried capacity.

CORPORATE GOVERNANCE

The Board of Leigh Creek Energy Limited is committed to achieving and demonstrating the highest standards of corporate governance and has adopted practices and policies in accordance with the ASX Corporate Governance Recommendations. The Corporate Governance comment is noted on page 26.

AFTER REPORTING DATE EVENTS

The Company changed its name from Marathon Resources Limited to Leigh Creek Energy Limited following approval from shareholders at a General Meeting held on 28 August 2015. Registration of the change of name was effected by the Australian Securities and Investments Commission (ASIC) on August 31, 2015. For purposes of the Company's ASX listing, the new code for Leigh Creek Energy Limited is **LCK** with effect from Thursday September 3, 2015.

There are no after reporting date events of consequence.

PRINCIPAL ACTIVITIES

The principal activity of the Group was mineral, energy and coal exploration. The Board conservatively utilised available funds in its continuing review of mining and energy opportunities which met strategic objectives for consideration by the shareholders and ASX. Because of the depressed nature of the resource industries, several other non-resources opportunities were presented and assessed by the Board.

REVIEW OF OPERATIONS AND OPERATING RESULTS

The Director's Review of Operations included in the Company's 2014 Annual Report indicated the ongoing assessment of prospects for investment in projects to determine suitable investments for the Company. That assessment continued in 2015 in both resource commodities and non-resource opportunities.

In October 2014, a significant proposal concerning In Situ Gasification of coal (ISG) opportunities in South Australia was presented and assessed by the Board. A long term forecast shortage of gas in Australia, existing infrastructure and a proactive regulatory regime highlighted the potential of this technology.

Preliminary investigation and due diligence led to the signing of a Binding Terms Sheet on the 7th January 2015 pursuant to which Leigh Creek Energy agreed to acquire 100% of ARP TriEnergy Pty Ltd ("ARP TriEnergy") by the issuing of 138,311,683 new ordinary shares in Leigh Creek Energy (being 60% of the total expanded capital base).

Following additional due diligence Leigh Creek Energy announced on 3rd March 2015 it had signed a share sale agreement to acquire 100% of ARP TriEnergy from its current shareholders.

Having sought and obtained the relevant regulatory, ASX, Ministerial and FIRB approvals Leigh Creek Energy obtained agreement of its shareholders to the transaction at a General Meeting on 27th May 2015.

The transaction completed on 29th June 2015 with the issue of 138,311,683 Leigh Creek Energy Shares to the vendors of ARP TriEnergy at which time they obtained control of Leigh Creek Energy.

Pursuant to the acquisition of ARP TriEnergy, the executive management team of ARP TriEnergy has taken effective control of the Board of Leigh Creek Energy and its day to day operations.

In assessing the application of AASB3 Business Combinations, Leigh Creek Energy was determined not to meet definition of a business, however this 2015 Financial Statements have been prepared using the reverse acquisition principles of AASB3 Business Combinations.

Accordingly Leigh Creek Energy remains the head legal entity of the Group but the consolidated financial statements are required to be prepared as a continuation of the financial statements of the acquired ARP TriEnergy (deemed to be the accounting head entity).

Please refer to Note 1.2 to the Financial Statements for further information.

The consolidated operating loss of the financial year to 30 June 2015 after applicable income taxes was \$ 17,598,147; (2014: Loss of \$22).

Director's Report con't

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the 29 June a significant change occurred in the state of affairs of the Company and Group as set out in the Review of Operations. The acquisition of the new subsidiary (ARP TriEnergy) has led to the matters outlined in the comments in the sections entitled "After Reporting Date Events" and "Likely Developments, Prospects and Business Strategies" in this report.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared since the end of the previous financial year.

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Board of Leigh Creek Energy looks forward to developing its wholly owned subsidiary ARP TriEnergy's in situ coal gasification project at Leigh Creek in South Australia.

An activity notification to commence appraisal drilling at Leigh Creek has been approved by the South Australian government.

Necessary appraisal drilling to JORC 2012 standards and the subsequent certification of gas resources may likely lead to interest in advance transactions over future gas production.

The Group may require further capital to sustain its activities.

ENVIRONMENTAL ISSUES

No notification of any breach of any environmental regulation has been received in respect of any of the Company's prior exploration activities during the year.

OPTIONS

At the date of this report, the unissued ordinary shares of Leigh Creek Energy Limited under options are as follows:

Grant Date	Date of Expiry	Exercise Price		Number under Option
		At Grant	(1) Post 2011 Rights	(2)
16.11.2010	01.11.2015	\$1.75	\$1.727	750,000

(1) Following a rights issue in February 2011 unexercised options at that date become subject to an exercise price reduction.

(2) Pursuant to the reverse acquisition principles existing options are eliminated and replaced as new options based on a recalculation of the value of the options.

During the year ended 30 June 2015, and to the date of this report no ordinary shares of Leigh Creek Energy Limited were issued on the exercise of options.

No new options were granted during the year or up to the date of this report.

1,000,000 options expiring on 31.12.2014 at an exercise price of \$1.077 each were not exercised and lapsed on that date.

750,000 options expiring on 01.11.2014 at an exercise price of \$1.227 each were not exercised and lapsed on that date.

None of the options on issue entitles the holders to participate, by virtue of the options, in any dividend or share issue of any other corporation.

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Directors' & Executives' Remuneration - Audited

DIRECTORS' AND EXECUTIVES' REMUNERATION – AUDITED

Remuneration Policy

The remuneration policy is designed to align the objectives of the Key Management Personnel with shareholder and business objectives by providing a fixed remuneration package to non-executive Directors and time based remuneration to Executive Directors. The Board of Leigh Creek Energy believes the policy to be appropriate and effective in attracting and retaining the best Directors and Executives to manage and direct the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other Key Management Personnel of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive Directors has been set at \$500,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the non-executive Directors and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time.

The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives but they may receive options or bonus payments subject to shareholder approval and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term, objective of maximising shareholder benefits through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Leigh Creek Energy given the nature of the Company's business as a mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan, approved by shareholders, that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success for the Company and to maximise the long term performance of the Company.

As the Company is a mineral exploration entity, in the opinion of the Board, the Company's earnings and the consequences of the Company's performance on shareholder wealth are not related to the Company's remuneration policy.

Directors' & Executives' Remuneration - Audited (cont.)

Set out below is a summary of key management personnel remuneration:

Directors' and Executives' Remuneration

		Settled by Leigh Creek Energy	Short term benefits			Post employment benefits		Share-based payments	Total	% of remuneration consisting of options
Directors		Directors Fees	Salary and wages	Other (1)	Super contributions	Other short term benefits (3)	Options (2)			
P L Williams	2015	49,166	-	66,641	4,670	-	13,874	134,351	10%	
	2014	59,167	-	80,000	5,473	-	59,909	204,549	29%	
C Zeng (4)	2015	-	-	-	-	-	-	-	-	
	2014	25,492	-	-	-	-	-	25,492	-	
C Ryan (5)	2015	13,687	-	-	-	-	-	13,687	-	
	2014	13,656	-	-	-	-	-	13,656	-	
C Schacht	2015	30,833	-	-	2,929	-	-	33,762	-	
	2014	39,167	-	-	3,653	-	-	42,820	-	
J Linley (6)	2015	27,500	55,000	-	7,838	3,997	-	94,335	-	
	2014	39,167	60,000	-	9,173	-	-	108,340	-	
D J Peters	2015	15,000	25,000	-	3,800	-	-	43,800	-	
	2014	-	-	-	-	-	-	-	-	
D Shearwood (7)	2015	-	22,916	-	2,177	-	-	25,093	-	
	2014	-	-	-	-	-	-	-	-	
Executives										
S Appleyard	2015	-	30,667	-	24,996	18,598	-	74,261	-	
	2014	-	60,092	-	4,548	-	-	64,640	-	
Total	2015	136,186	133,583	66,641	46,410	22,595	13,874	419,289	-	
	2014	176,649	120,092	80,000	22,847	-	59,909	459,497	-	
Settled by ARP TriEnergy										
D J Peters	2015	-	158,866	-	15,092	-	-	173,958	-	
	2014	-	-	-	-	-	-	-	-	
D Shearwood	2015	-	191,850	-	17,960	-	-	209,810	-	
	2014	-	-	-	-	-	-	-	-	
Total	2015	-	350,716	-	33,052	-	-	383,768	-	
	2014	-	-	-	-	-	-	-	-	

Notes

- (1) The amount of \$66,641 (2014 \$80,000) represents consulting fees paid to Cluan Capital Management Pty Ltd a company in which the Deputy Chairman Mr P L Williams has an interest.
- (2) The share based payments non cash charge represents the equity compensation recognised during the year and relates to options granted in November 2010 at an exercise price of \$1.727 referred to earlier in page 20 under options.
- (3) The Other Short Term Benefits aggregate amount of \$22,595 represents accumulated leave entitlements payable on resignation of salaried employees. No other benefits were paid.
- (4) Mr Zeng was a non executive director prior to his resignation on January 31, 2014.
- (5) Mr Ryan was a non executive director prior to his not being reappointed at the 2014 AGM on November 20, 2014. The amount of \$13,687 (2014 \$13,656) covering the director's fees of Mr C Ryan was paid to Westchester Corporate Finance a business in which Mr Ryan has an interest.
- (6) Mr Linley was employed as the Managing Director prior to his resignation on May 28, 2015.
- (7) Mr Shearwood was appointed as Managing Director on May 27, 2015.

Directors' & Executives' Remuneration - Audited (cont.)

Related party transactions include:

- An amount of \$3,982 payable to ARK Energy Pty Ltd, a company in which Managing Director David Shearwood has an interest. The amount is payable by June 30, 2016.
- An amount of \$23,689 payable to Walloon Energy Pty Ltd, a company in which Managing Director David Shearwood has an interest. The amount is payable by June 30, 2016.
- An amount of \$11,667 receivable from Allied Resources Partners, a company in which Managing Director David Shearwood has an interest. This is not subject to any terms, conditions or fixed payment dates.
- Managing Director David Shearwood is due a reimbursement of \$6,934 for business expenses personally incurred.

Options issued

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the relevant directors and executives of Leigh Creek Energy Limited and its subsidiary to increase goal congruence between executives, directors and shareholders.

There were no options issued during the year or up to the date of this report.

Included under share based payments expense in the statement of profit and loss of Leigh Creek Energy is \$13,874 (2014 \$59,909) which relates to that part of total equity settled share based payments transactions issued in prior years but recognised as expense over the relevant vesting periods. As a result of reverse acquisition accounting, this expense has been recognised in the profit or loss of Leigh Creek Energy (previously Marathon Resources) and is recognised as pre-acquisition by the Group.

Contracts of Service

The employment conditions, tenure and emoluments of the Managing Director and executives are evidenced in writing.

Name	Position	Duration of Contract	Period of Termination Notice	Termination payment
DJ Peters	Executive Chairman	3 yrs + 1 yr company option ¹	3 month	none
DK Shearwood	Managing Director	3 yrs + 1 yr company option ²	3 month	none
S Appleyard	Company Secretary	Ongoing ³		none

1. Commenced November 26, 2014.

2. Commenced May 28, 2015.

3. Commenced on listing ongoing on variation from salaried to consulting capacity on July 1, 2015.

Number of Options Held by Key Management Personnel

	Balance 01.07.2014	Granted as Compensation	Option Exercised	Expired	Balance 30.06.2015	Eliminated*
Daniel J Peters	-	-	-	-	-	-
David Shearwood	-	-	-	-	-	-
Peter Williams	1,750,000	-	-	(1,000,000)	750,000	750,000
Chris Schacht	250,000	-	-	(250,000)	-	-
John Linley	250,000	-	-	(250,000)	-	-
Stuart Appleyard	-	-	-	-	-	-
Total	2,250,000	-	-	(1,500,000)	750,000	750,000

* Pursuant to the reverse takeover unexercised options based on their historical cost base were eliminated but reinstated at a new valuation at the completion of the takeover transaction.

Number of Shares Held by Key Management Personnel

	Balance 01.07.2014	Received as Compensation	Option Exercised	Net Change Other*	Balance 30.06.2015
Daniel J Peters	-	-	-	-	-
David Shearwood	-	-	-	186,772	186,772
Peter Williams	899,360	-	-	-	899,360
Chris Schacht	61,050	-	-	-	61,050
Stuart Appleyard	1,749,053	-	-	-	1,749,053
Total	2,709,463	-	-	186,772	2,896,235

* Net Change Other refers to shares purchased or sold during the financial year, held prior to appointment, or acquired pursuant to completion of the takeover transaction.

At the date of this report there is no known change in the number of shares held by the Key Management Personnel.

Directors' & Executives' Remuneration - Audited (cont.)

Use of remuneration consultants

The Company did not engage remuneration consultants during the year

Voting at 2014 AGM

Of the total valid available votes lodged, Leigh Creek Energy received 97.6% of "yes" votes on its remuneration report for the 2014 financial year with the motion carried unanimously on a show of hands as an ordinary resolution. The Company did not receive any specific feedback at the AGM on its remuneration practices.

END OF REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year, the number of meetings held at which a director was eligible to attend and the number actually attended by each director were:

Board Meetings	<i>Appointed</i>	<i>Meeting Held</i>	<i>Meetings Attended</i>
DJ Peters	November 26, 2015	10	10
Peter Williams	May 21, 2004	22	22
Christopher Schacht	January 24, 2008	22	22
John Linley	June 30, 2008	19	19
Christopher Ryan	February 26, 2014	12	12
DK Shearwood	May 27, 2015	3	3
Audit Committee meetings		<i>Meetings Held</i>	<i>Meetings Attended</i>
Peter Williams		2	2
Christopher Schacht (Chairman)		2	2
Sam Appleyard		2	2

Given the nature of the Company's business as an exploration entity and the status of its activities during 2015 in a challenging period for junior explorers matters dealt with by the Board dictated no efficiencies or other benefits would be gained by having separate audit committee meetings on all occasions in the period under review. Issues relevant to the integrity of the Company's financial reporting ordinarily dealt with by an audit committee were dealt with by the full Board when expedient. The Company has standing agenda items at each Board meeting to deal with audit related matters normally carried out by the audit committee. In appropriate circumstances the Board sought independent legal and accounting advice on pertinent aspects. The Company conducted two formal audit committee meetings in the reporting period.

INSURANCE PREMIUMS AND INDEMNITY

Since the end of the previous year the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of insurance cover, the nature thereof and the premium paid.

The Company has indemnified the directors and executives of the Company for the costs incurred in their capacity as a director or executive, except where there is a lack of good faith.

PROCEEDINGS

The Company is not currently a party to legal proceedings brought against it or initiated by it at the date of this report.

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Directors' & Executives' Remuneration - Audited (cont.)

AUDITOR'S INDEPENDENCE

Grant Thornton South Australian Partnership continues in office in accordance with Section 327 of the Corporation Act.

The auditor has not been engaged during the year for any non-audit services which may have impaired the auditor's independence. The auditor's independence declaration for the year ended 30 June 2015 has been received and is included in this report.

Signed in accordance with a resolution of the Board.



D J D Peters

Director



D K Shearwood

Director

Dated at Adelaide, South Australia this 3rd day of September 2015

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Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) of Leigh Creek Energy Limited (the Company) is committed to achieving and demonstrating the highest standard of Corporate Governance.

The Board guides the affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board has responsibility for the overall Corporate Governance of the Company including its strategic direction, establishment of goals for its management and monitoring the achievement of those goals.

The individual Directors recognise that their primary responsibility is to the owners of the Company, its shareholders, while simultaneously having regard for the interests of all stakeholders and the broader community.

The statement outlines the Company's Corporate Governance Practices in place during the financial year. The Company's statement is made based on the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition).

Although the ASX Corporate Governance Council's Recommendations are not mandatory, under listing rule 4.10.3 companies are required to provide a statement disclosing the extent to which they have followed the recommendations in the reporting period, identifying any principles which have not been followed with reasons for not having done so.

The Group's corporate governance statement for the year ended 30th June 2015 is accurate and up to date as at 30th June 2015, and was approved by the Board on 27th May 2015.

The statement of revised principles and the Company's compliance with each principle are set out in the Company's website www.mtnres.com.au

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes set out on pages 28 to 50 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) giving a true and fair view of the financial position as at 30 June 2015 and of the performance of the consolidated group for the year ended on that date.
2. The financial statements and notes set out on pages 28 to 50 comply with international financial reporting standards as disclosed in note 1.
3. The Managing Director and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
4. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



D K Shearwood - Director



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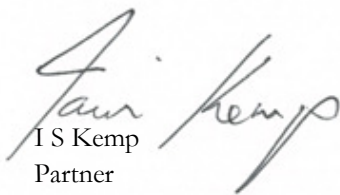
AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF LEIGH CREEK ENERGY LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Leigh Creek Energy Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



I S Kemp
Partner

Adelaide, 3 September 2015

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Revenue	2a	2,319	350
Gain on disposal of shares		78,384	
Employee benefits expense		(480,821)	-
Occupancy expense		(66,394)	-
Consulting and legal expenses		(160,014)	-
Travel expense		(119,223)	-
Corporate administration	2b	(120,722)	(342)
Interest paid		(5,632)	(30)
Transaction costs	1.2	(16,726,044)	-
Loss before income tax		(17,598,147)	(22)
Income tax benefit	3	-	-
Loss for the year after income tax		(17,598,147)	(22)
Total other comprehensive income		-	-
Total comprehensive (loss) for the year		(17,598,147)	(22)-
Earnings per share			
Basic (cents per share)	21	(0.13)	N/A
Diluted (cents per share)	21	(0.13)	N/A

The accompanying notes form part of these financial statements.

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Statement of Financial Position

as at June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	15(a)	1,484,627	6
Trade and Other Receivables	4	101,618	-
Other Financial Assets	5	18,680	-
Total Current Assets		1,604,925	6
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	78,570	-
Exploration and Evaluation Expenditure	7	710,667	-
Total Non-Current Assets		789,237	-
TOTAL ASSETS		2,394,162	6
CURRENT LIABILITIES			
Trade and Other Payables	8	358,270	1,720
Short Term Loans	9	125,438	-
Employee Entitlements	10	20,803	-
Total Current Liabilities		504,511	1,720
NET ASSETS		1,889,651	(1,714)
EQUITY			
Issued Capital	11	19,493,353	3,841
Retained Losses		(17,603,702)	(5,555)
TOTAL EQUITY		1,889,651	(1,714)

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the year ended 30 June 2014

	SHARE CAPITAL \$	RETAINED LOSSES \$	TOTAL \$
Consolidated			
BALANCE 1 July 2013	3,841	(5,533)	(1,692)
Total profit or (loss)	-	(22)	(22)
Other comprehensive income	-	-	-
Total comprehensive income	-	(22)	(22)
BALANCE AT 30 June 2014	3,841	(5,555)	(1,714)
Total profit or (loss)	-	(17,598,147)	(17,598,147)
Other comprehensive income	-	-	-
Total comprehensive income	-	(17,598,147)	(17,598,147)
<i>Transactions with members in their capacity as owners:</i>			
Subscribed equity net of capital raising costs	1,605,400	-	1,605,400
Leigh Creek Energy minority shareholders at fair value 29 th June 2015	17,884,112	-	17,884,112
BALANCE AT 30 June 2015	19,493,353	(17,603,702)	1,889,651

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

for the year ended 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Cash flows from operating activities			
Interest and sundry income received	2a	2,319	350
Payments to suppliers and employees		(907,410)	(344)
Net cash (used in) / provided by operating activities	15b	(905,091)	6
Cash flows from investing activities			
Proceeds on disposal of shares		205,940	-
Purchase of shares		(685,002)	-
Capitalised exploration costs		(710,667)	-
Net cash (used in) investing activities		(1,189,729)	-
Cash flow from financing activities			
Issue of shares		1,777,600	-
Share issue transaction costs		(172,200)	-
Advances from related parties		125,438	-
Advances from subsidiary prior to completion		374,045	-
Net cash provided by financing activities		2,104,883	-
Accounting subsidiary cash acquired upon completion of reverse takeover		1,474,558	-
Net increase in cash held		1,484,621	6
Cash at the beginning of the year		6	-
Cash at the end of the year	15(a)	1,484,627	6

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Leigh Creek Energy is a for profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

The financial report covers Leigh Creek Energy Limited and its controlled entity as a consolidated entity ("Group"). Leigh Creek Energy Limited is a listed public company, incorporated and domiciled in Australia.

Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Leigh Creek Energy Limited and its controlled entity comply with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report of Leigh Creek Energy Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on September 3, 2015.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

On 29th June 2015 Leigh Creek Energy completed a transaction to acquire all of the issued capital of ARP TriEnergy by the issue of 138,311,683 Leigh Creek Energy Shares.

This resulted in the existing ARP TriEnergy shareholders holding 60% of the expanded issued share capital of Leigh Creek Energy, after allowing for the disposal by ARP TriEnergy of its pre transaction holding in Leigh Creek Energy.

To give effect of this transaction the consolidated financial information included in these Financial Statements has been prepared using "Reverse Acquisition Accounting Principles". **Refer Note 1.2.**

Under these principles Leigh Creek Energy is the legal parent company but ARP TriEnergy is the accounting parent for consolidated accounting purposes as follows:

Statement of Financial Position

- The 30th June 2015 statement of financial position represents both Leigh Creek Energy and ARP TriEnergy. The 2014 comparative is ARP Tri Energy alone.

Statement of Profit or Loss and other comprehensive Income

- The 30th June 2015 statement of profit or loss and other comprehensive income and the 2014 comparative is ARP TriEnergy alone.

Statement of Changes in Equity

- The 30th June 2015 statement of changes in equity comprises ARP TriEnergy equity balance at 1st July 2014, its loss for the Year, and other transactions with equity holders. It also comprises Leigh Creek Energy's transactions with equity holders at 30th June 2015.

Other transactions with equity holders include the quarantining of the shares held by ARP TriEnergy shareholders before the acquisition of ARP TriEnergy by Leigh Creek Energy.

These shares are reclassified as Treasury Stock and required by Sec 259D of the Corporations Act to be disposed of within 12 months of completion. **Refer Note 1.1**

The 30th June 2014 statement of changes in equity is ARP TriEnergy alone.

Statement of Cash Flows

- The 30th June 2015 statement of cash flows comprises the cash balance of ARP TriEnergy at 1st July 2014 and its cash transactions for the Year plus the cash balance of Leigh Creek Energy acquired on 30th June 2015. The 30th June 2014 statement of cash flows is ARP TriEnergy alone.

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting policies

a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a report date of 30 June. The controlled entities are disclosed in Note 16 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity.

b) Income Tax

Current tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly in comprehensive income against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the condition of deductibility imposed by the law.

Tax consolidation

Leigh Creek Energy Limited is part of a tax-consolidated group under Australian taxation law. Each entity in the group recognises its own current and deferred liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, Plant and Equipment (continued)

be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is calculated on a straight-line basis over the useful life of those assets to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term and the assets useful lives.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-33%
Office equipment	10-20%
Motor vehicles	15%
Leasehold improvement	45%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and subsequent measurement

Financial assets at fair value through profit and loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss.

f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Interests in Joint Ventures / Joint Operations

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position where applicable.

k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets

l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

m) Comparative Figures

Unless otherwise required by an accounting standard comparative information is disclosed in respect of the previous corresponding period, including for narrative and descriptive information. To the extent that items are amended or reclassified comparative amounts are also amended or reclassified. Prior period errors are retrospectively corrected in the next financial report following discovery.

n) Share Based Payments

The company issues shares and options from time to time for no consideration. Equity-settled share based payments are measured at fair value at the date of grant. Fair value is determined by the use of a Black-Scholes pricing model. The fair value is fully expensed on a straight line basis over the vesting period.

o) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The 2015 financial report contains no critical estimates, other than the reverse acquisition accounting described in Note 1.2, in which on the assessment of applying the principles of AASB 3 regarding reverse acquisitions, it was determined that Leigh Creek Energy did not meet the definition of a business.

q) New Accounting Standards and Interpretations

A number of new and revised standards are effective for annual periods beginning on or after July 1, 2014. Information on these new standards is presented below.

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning July 1, 2014:

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-3: AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets; and

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New Accounting Standards and Interpretations (continued)

- AASB 2014-1: Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).

Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

Recently issued accounting standards to be applied in future accounting periods

The accounting standards that have not been early adopted for the year ended June 30, 2015, but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Group.

(i) AASB 9 Financial Instruments (December 2014)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI')
 - the remaining change is presented in profit or lossIf this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
 - classification and measurement of financial liabilities; and
 - derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New Accounting Standards and Interpretations (continued)

- a. The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- b. When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(iii) *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.*

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(iv) *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.*

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.

Other standards not yet issued and not expected to impact on the Group:

- *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- *AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014 Application of AASB 9 (December 2009) and AASB 9 (December 2010)*

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The entity has not yet assessed the full impact of these amendments.

NOTE 1.1 – TREASURY STOCK

Holding of ARP TriEnergy Pty Ltd in Leigh Creek Energy Ltd prior to the acquisition of ARP by Leigh Creek Energy	18,432,337 Shares
Sold prior to the acquisition	<u>3,432,337 Shares</u>
Holding after acquisition	15,000,000 Shares

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 1.2 – REVERSE ACQUISITION – ACQUISITION OF ARP TRI ENERGY PTY LTD

On June 29, 2015, the Group acquired 100% of the voting shares of ARP TriEnergy, an unlisted private company. The shareholders of ARP TriEnergy obtained 60% voting rights in Leigh Creek Energy Limited. At the date of acquisition, Leigh Creek Energy was a non-trading listed company. This is a reverse acquisition in which ARP TriEnergy is the accounting acquirer and Leigh Creek Energy is the accounting acquiree.

Under the requirements in AASB 3 Business Combinations, this cannot be accounted for as a business combination because Leigh Creek Energy was not a business. In accordance with the generally accepted guidance, this has been accounted for using the reverse acquisition principles in AASB 3, except that no goodwill is recognised and a transaction cost expense is recognised, which represents the cost of ARP TriEnergy acquiring Leigh Creek Energy.

Accordingly, the assets and liabilities of the legal subsidiary (the accounting acquirer) being ARP TriEnergy are measured at their pre combination carrying amounts.

The assets and liabilities of the legal parent (accounting acquiree), being Leigh Creek Energy are measured at fair value on the date of acquisition.

Fair value of consideration transferred

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (ARP Tri Energy) in the form of equity instruments issued to the shareholders of the legal parent entity (Leigh Creek Energy). The acquisition date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (ARP TriEnergy) would have issued to the legal parent entity (Leigh Creek Energy) to obtain the same ownership interest in the combined entity.

Details of transactions are:

Fair value of consideration transferred	\$ 18,441,558
Fair value of assets and liabilities assumed	(1,715,514)
Transaction costs in profit or loss	<u>16,726,044</u>

The purchase consideration deemed to have been paid differs from the actual consideration paid due to the nature of Reverse acquisition. The legal consideration that Leigh Creek Energy (formerly Marathon Resources) paid to acquire ARP TriEnergy was 138,311,683 shares having a deemed value of \$27.6 million.

As Leigh Creek Energy did not contain an operating business and represented merely a listed shell Company, the surplus identified above has been treated as a transaction cost and expensed in the Company's statement of profit or loss.

In addition to these non-cash transaction costs the Parent Company (Leigh Creek Energy Limited) incurred cash transaction costs of \$ 917,521 (including a stamp duty deposit expense of \$ 120,000). These costs reduced the Parent Company net equity at completion of the takeover transaction which was eliminated on consolidation.

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 2 – REVENUE AND EXPENSES FROM OPERATIONS

	Consolidated	
	2015	2014
	\$	\$
a. Revenue		
Interest revenue	2,319	-
Sundry Fees	-	350
	2,319	350
b. Corporate administration		
Corporate administration includes:		
Accounting and audit	32,546	-
Computer costs	2,658	-
Insurance	4,453	-
Printing & office supplies	16,241	-
Communications costs	8,652	-
Licence fees	9,270	-
Other expenses	46,902	342
	120,722	342

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 3 – INCOME TAX

	Consolidated	
	2015 \$	2014 \$
The components of tax expense comprise:		
Loss before income tax	(17,598,147)	-
Deemed acquisition cost of subsidiary	16,726,044	-
<hr/>		
The prima facie income tax expense before tax is reconciled to the income tax as follows:		
Loss from continuing operations	(872,103)	-
Prima facie tax (benefit) on loss before income tax at 30% (2014: 30%)	(261,631)	-
Movement in unrecognised tax assets and liabilities	12,225	-
Current year tax loss not recognisable	249,406	-
<hr/>		
Income tax from operations	-	-
<hr/>		

Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2015 \$	2014 \$
Tax value of carried forward tax losses		
- Capital	-	-
- Revenue	249,406	-
Timing differences		
Revenue differences not recognised	12,225	-
Equity differences not recognised	-	-
<hr/>		

The Parent Company Leigh Creek Energy Limited has accumulated tax losses pre reverse takeover of ARP TriEnergy Pty Ltd of \$38,852,831. The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed, and the consolidated entity is generating sufficient taxable income.

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 4 – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015	2014
	\$	\$
GST recoverable	47,618	-
Funds on deposit	50,000	-
Other debtors	4,000	-
	101,618	-

No trade and other receivables are outside terms at reporting date.

NOTE 5 – OTHER FINANCIAL ASSETS

	Notes	Consolidated	
		2015	2014
		\$	\$
Current			
Financial assets at fair value through profit / loss		18,680	-
Total Financial Assets		18,680	-

Financial asset at fair value through profit/loss

	3,860	-
- Shares in Wolf Petroleum Ltd (formerly Strzelecki Metals Ltd previously Primary Resources Ltd)		

The market value of these shares at reporting date was \$0.034.

- Shares in Phoenix Copper Ltd	15,000	-
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The market value of the shares at reporting date was \$ 0.016.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2015	2014
	\$	\$
Property, plant and equipment	541,943	-
Less accumulated depreciation	(337,585)	-
Impairment provision	(125,788)	-
Total plant and equipment	78,570	-
Opening balance	-	-
Net additions of Leigh Creek Energy fixed assets on completion of ARP TriEnergy acquisition pursuant to reverse takeover business combination principles.	78,570	-
Balance at 30 th June 2015	78,570	-

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 7 – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2015	2014
	\$	\$
Project development & exploration costs	710,667	-
	710,667	-

The Company's interests in tenements at the date of this report are as follows:

Tenement	Location	Interest
PEL 650	Leigh Creek	100%
PELA 582	Finniss Springs	100%
PELA 643	Callabonna	100%
PELA 647	Leigh Creek	100%
PELA 644	Roxby Downs	100%
PELA 649	Oakdale	100%
EL 5596	Leigh Creek	100%
EL 5597	Leigh Creek	100%

NOTE 8 – TRADE AND OTHER PAYABLES

	Consolidated	
	2015	2014
	\$	\$
Trade payables	68,269	-
Other payables	174,001	1,720
Accruals	116,000	-
	358,270	1,720

NOTE 9 – SHORT TERM LOANS

	Consolidated	
	2015	2014
	\$	\$
Related Company balance	16,004	-
Shareholder Loan	102,500	-
Directors loan	6,934	-
	125,438	-

NOTE 10 – EMPLOYEE ENTITLEMENTS

	Consolidated	
	2015	2014
	\$	\$
Employee entitlements	20,803	-
	20,803	-

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 11 – ISSUED CAPITAL

	Number	\$
Deemed to be outstanding at beginning of period	138,331,683	1,609,241
Deemed acquisition of ARP TriEnergy	92,207,789	18,441,557
Less cost of treasury shares	<u>(15,000,000)</u>	<u>(557,445)</u>
Balance outstanding at the end of the period	<u>215,539,472</u>	<u>19,493,353</u>

Due to the nature of a reverse acquisition, in accordance with AASB 3 the equity structure of the legal subsidiary is restated to reflect what (given the equity structure of legal parent upon completion) the legal parent issued in the reverse acquisition.

In addition to the non-cash transaction costs, set out in Note 1.2, the Parent Company (Leigh Creek Energy Limited) incurred cash transaction costs of \$917,521 (including a stamp duty deposit expense of \$120,000). These costs reduced the Parent Company net equity at completion of the takeover transaction which was eliminated on consolidation.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital Management

Management objectives when managing capital are to ensure that the group can fund the development of its operations.

The Group manages the capital structure and makes adjustments to it in light of the forecast cash requirements of the development programme. To that end, internal capital rationing is complemented by capital raising activities as required to ensure funding for development activities is in place.

There are no externally imposed capital requirements.

NOTE 12 – COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

	Consolidated	
	2014	2013
	\$	\$
Operating lease commitment		
Not longer than 1 year	5,000	-
Longer than 1 year and not longer than 5 years	<u>-</u>	<u>-</u>

ARP TriEnergy Pty Ltd entered a one year lease for office premises commencing 19th July 2014 and expiring 19th July 2015. The Company has not exercised its option to extend and is now on a monthly tenancy arrangement.

The Company has no capital commitment. Exploration commitment for year 1 of PEL 650 consists of geological and geophysical studies and appraisal drilling.

NOTE 13 – SEGMENT INFORMATION

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and has concluded at this time that there are no separately identifiable segments.

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 14 – FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payable which are summarised as follows:

	Fixed Interest		Non-interest				Total	
	Maturing		Within 1 year		> 1 year			
	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets								
Loans and receivables								
- Cash and cash equivalents	1,445	-	40	-	-	-	1,485	-
- Receivables	-	-	102	-	-	-	102	-
Available for sale								
Financial assets	-	-	-	-	-	-	-	-
Financial assets at fair value through profit & loss	-	-	19	-	-	-	19	-
Total Financial Assets	1,445	-	161	-	-	-	1,606	-
Financial Liabilities								
Trade and other payables	-	-	242	-	-	-	242	-
Total Financial Liabilities	-	-	242	-	-	-	242	-

The group does not hold any derivative instruments.

NOTE 14 – FINANCIAL INSTRUMENTS

i. Treasury Risk Management

A finance committee consisting of senior executives of the group meet on a regular basis to evaluate management strategies in the context of the most recent economic conditions and forecasts.

ii. Finance Risks

The Group's financial instruments are exposed to a variety of financial risks, being Market risk (Interest rate and Price risk), Credit risk and Liquidity risk. The group operate mainly in Australia and as such are not subject to foreign exchange risk.

Interest rate risk

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities summarised in the table above.

Sensitivity: At June 30, 2015, if interest rates had changed by +/- 10 basis points from the year end rates with all other variables held constant post tax loss and total equity would have been \$ 232 more/less as a result of lower/higher interest income from term deposits.

Price risk

Price risk relates to the risk that the fair value of a financial instrument will fluctuate because of changes in market prices largely due to market forces. The group's available-for-sale financial assets and fair value through profit and loss financial assets as disclosed in Note 6 are subject to price risk. Investments within these 2 categories of financial assets are publicly traded on the ASX.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Group.

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 14 – FINANCIAL INSTRUMENTS (continued)

The group's maximum exposure to credit risk is its cash and cash equivalents and receivables as noted in the table above. The group manages its credit risk by depositing with reputable licenced banks.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate sources of funding are available.

Maturity of the group's financial liabilities is within 1 year.

(b) Fair value

The fair value financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised below.

Consolidated Group	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
Year Ended 30 June 2015				
Financial Assets				
Financial assets at fair value through profit and loss	18,680	-	-	18,680
	18,680	-	-	18,680
Financial Liabilities	-	-	-	-
Year Ended 30 June 2014				
Financial Assets				
Available for sale investments	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
	-	-	-	-
Financial Liabilities	-	-	-	-

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 15 – NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2015	2014
	\$	\$
Cash on hand	10,069	6
Accounting subsidiary cash acquired upon completion under reverse takeover principles	1,474,558	-
Cash and cash equivalents	1,484,627	6

The weighted average effective interest rate on short-term bank deposits is 2.55% (2014: 3.52%). All deposits are for less than 12 months.

(b) Reconciliation of Cash Flow from Operations with Loss after Tax

	Consolidated	
	2015	2014
	\$	\$
Loss after income tax	(17,598,147)	(22)
Cash flows excluded from loss attributable to operating activities:		
Non cash transaction costs for the acquisition of subsidiary company pursuant to reverse acquisition	16,726,044	-
Non-cash flows in operating loss		
Gain disposal shares	(78,384)	-
Amortisation expense	-	-
Change in assets and liabilities		
Increase in receivables / prepayments	(68,280)	-
Increase in payables	113,676	28
Net Cash (used in) / provided by operating activities	(905,091)	6

Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 16 – INVESTMENT IN CONTROLLED ENTITY

Entity	Country of incorporation	Class of share	Interest Held	
			2015	2014
Bonanza Gold Pty Ltd	Australia	Ordinary	100%	100%
ARP TriEnergy Pty Ltd	Australia	Ordinary	100%	0%

NOTE 16 (a) - PARENT ENTITY INFORMATION

	2015 \$	2014 \$
Parent Entity		
Asset		
Current assets	1,901,276	3,616,903
Non-current assets	78,570	144,655
Total assets	1,979,846	3,761,558
Liabilities		
Current liabilities	264,332	59,399
Non-current liabilities	-	-
Total liabilities	264,332	59,399
Equity		
Issued capital	44,033,982	44,033,982
Financial asset reserve	-	-
Share option reserve	162,150	551,727
Retained earnings	(42,480,618)	(40,883,550)
Shareholder equity	1,715,514	3,702,159
Financial performance		
Profit (loss) for the year	(2,000,519)	(1,562,278)
Other comprehensive income	403,451	117,000
Total comprehensive income	(1,597,068)	(1,445,278)

Total annual expenditure commitments at reporting date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	Consolidated	
	2015 \$	2014 \$
Operating lease commitment		
Not longer than 1 year	5,000	-
Longer than 1 year and not longer than 5 years	-	-

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 17 – KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of the key management personnel are set out below:

	2015	2014
	\$	\$
Total short term employee benefits	709,721	376,741
Total post-employment benefits	79,462	22,847
Share based payments	13,874	59,909
Total Remuneration	803,057	459,497

Detailed disclosure is included in the remuneration report.

NOTE 18 – RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those to other parties, unless otherwise stated.

Mr P Williams has an interest in Cluan Capital Management Pty Ltd. The Company paid consulting fees to Cluan Capital Management Pty Ltd during the year amounting to \$66,641 (2014: \$80,000).

An amount of \$ 13,687 (2014 \$13,656) covering the Directors fees of Mr C. Ryan was paid to Westchester Corporate Finance a business in which Mr Ryan has an interest.

Related party transactions in relation to ARP TriEnergy are as follow:

Shareholders loan of \$102,500 payable to previous Director Tony Lawry. Terms include establishment fees of \$1,000 and 1% per month payable at period end. This has been fully paid in August 2015.

An amount of \$3,982 payable to ARK Energy Pty Ltd in which Managing Director David Shearwood has an interest. The amount is payable by 30 June 2016.

An amount of \$23,689 payable to Walloon Energy Pty Ltd in which Managing Director David Shearwood has an interest. The amount is payable by 30 June 2016.

An amount of \$11,667 is receivable from Allied Resources Partners, in which Managing Director David Shearwood has an interest. This is not subject to any terms, conditions or fixed payment dates.

Managing Director David Shearwood is due \$ 6,934 for business expenses personally incurred. These reimbursements are not subject to any terms, conditions or fixed payment dates.

NOTE 19 – AUDITOR'S REMUNERATION

	Consolidated	
	2015	2014
	\$	\$
Amounts paid or due & payable to the Auditor of the Group for:		
- auditing & review services	30,000	29,850
- other services	-	-

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Notes to the Financial Statements

for the year ended 30 June 2015

NOTE 20 – MATTERS SUBSEQUENT TO THE END OF THE YEAR

The Company changed its name from Marathon Resources Limited to Leigh Creek Energy Limited following approval from shareholders at a General Meeting held on August 28, 2015. Registration of the change of name was effected by the Australian Securities and Investments Commission (ASIC) on August 31, 2015. For purposes of the Company's ASX listing, the new code for Leigh Creek Energy Limited is **LCK** with effect from Thursday, September 3, 2015.

There are no after reporting date events of consequence.

NOTE 21 – EARNINGS PER SHARE

	Consolidated		
	2015	2014	
	\$	\$	
Basic earnings per share – cents per share	(0.13)		-
Loss used to calculate basic EPS	(17,598,147)		-
Weighted average number of ordinary shares outstanding During the year used in calculating basic EPS	138,331,683		-

The weighted number of share options on issue during the year is not included in the calculation of diluted earnings per share because they are anti-dilutive for both reported years. These options could potentially dilute basic earnings per share in the future.

NOTE 22 – COMPANY DETAILS

The registered office and principal place of business is:

Leigh Creek Energy Limited
Level 11
19 Grenfell Street
Adelaide South Australia 5000

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Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEIGH CREEK ENERGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Leigh Creek Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Leigh Creek Energy Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 21 to 24 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

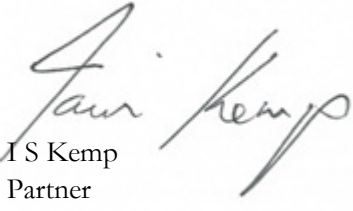
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Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Leigh Creek Energy Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



I S Kemp
Partner

Adelaide, 3 September 2015

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Shareholder Information

SHAREHOLDER INFORMATION

At the date of this report all the issued securities of the Company comprised ordinary shares, 104,767,190 of which are escrowed for 2 years from July 3, 2015, 35,544.493 of which are escrowed for 1 year from June 29, 2015, otherwise not subject to any restrictions.

SUBSTANTIAL SHAREHOLDERS AT 21 September 2015

NAME	FULLY PAID SHARES	ORDINARY SHARES %
Allied Resource Partners Pty Ltd	104,767,190	45.45
CITIC Australia Pty Ltd	17,242,855	7.48
Holdex Nominees Pty Ltd (No 433 A/C)	15,000,000	6.51
Mr Richard McGrath	13,965,235	6.06

DISTRIBUTION OF SHAREHOLDINGS AT 21 September 2015

All securities issued by the Company are fully paid ordinary shares entitling the holders to participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of the shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share counts as one vote.

RANGE	TOTAL HOLDERS	NUMBER OF SHARES
1 – 1,000	482	258,567
1,001 – 5,000	652	1,686,712
5,001 – 10,000	305	2,438,455
10,001 – 100,000	485	16,543,230
100,001 – 999,999,999	147	209,592,508
1,000,000,000 – 9,999,999,999	0	0
	2,071	230,519,472

At 21 September 2015 a marketable parcel constituted 2,500 shares.

The number of shareholders holding less than a marketable parcel was 846 880,655

TWENTY LARGEST SHAREHOLDERS AT 21 September 2015

NAME	FULLY PAID ORDINARY SHARES	% OF ISSUED CAPITAL
Allied Resource Partners Pty Ltd	104,767,190	45.45
CITIC Australia Pty Ltd	17,242,855	7.48
Holdex Nominees Pty Ltd (No 433 A/C)	15,000,000	6.51
Mr Richard McGrath	13,965,235	6.06
One Design & Skiff Sails Pty Ltd (IW Brown S/F)	5,167,137	2.24
Jetan Pty Ltd	3,491,309	1.51
Mr Nicholas James Redpath	1,815,480	0.79
FMS Pty Ltd (SM Appleyard S/F)	1,611,379	0.70
James St Equities Pty Ltd	1,577,458	0.68
Telemark International Pty Ltd	1,424,454	0.62
HSBC Custody Nominees (Australia) Limited	1,342,031	0.58
LP Rayner Nominees Pty Ltd	1,197,242	0.52
Lawry Super Nominees Pty Ltd (Lawry Family S/F)	1,137,727	0.49
Mr John Brown & Ms Elisabeth Frederico (Joli S/F)	1,030,000	0.45
Collin Francis McGregor Post	1,000,000	0.43
Mr Ben William Jarvis	977,566	0.42
Citicorp Nominees Pty Ltd	975,450	0.42
Mr Hamish John Wyllie	914,563	0.40
Mr George Kwitko	900,000	0.39
Mr Murray Kenneth Chatfield	837,914	0.36
Totals Top 20	176,374,990	76.51
Total Remaining Holders Balance	54,144,482	23.49

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2015