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ASX ANNOUNCEMENT



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## Leigh Creek Energy Project Moving Forward

### Construction Contracts for Pre-Commercial Demonstration Stage Awarded

- Major milestone achieved
- Long lead construction contracts awarded
- Thermal Oxidiser, Cold Vent, Gas Analyser and Gas Instruments packages
- LCEP Pre-Commercial Demonstration accelerates

The construction and operation of the Pre-Commercial Demonstration (PCD) facility is a major de-risking event for Leigh Creek Energy Limited (LCK) and a significant step forward in its plans to commercialise its Leigh Creek Energy Project (LCEP) in South Australia.

On 15 November 2016, LCK announced it had awarded the design contract for the Thermal Oxidiser and Cold Vent Package.

On 30 March 2017, LCK announced it had completed a A\$21.85m (before costs) capital raising to cornerstone investor China New Energy Group Limited (CNE), and sophisticated and professional investors.

LCK is now pleased to announce another significant milestone for the Pre-Commercial Demonstration Stage of the LCEP, the awarding of the construction of the Thermal Oxidizer, Cold Vent, Gas Analyser and Gas Instruments packages. The awarding of these contracts is the outcome of an extensive tender process managed by LCK's in-house engineering team.

The final key contract, for construction design and fabrication of the PCD main process skids, is expected to be awarded in the coming weeks.

#### THERMAL OXIDISER AND COLD VENT

The Thermal Oxidiser combusts Syngas at high temperature, allowing the disposal of organic and condensate products from operation of the PCD.

The Cold Vent is a safety device which would be used in the event of a blockage or accident in the gas processing equipment or thermal oxidiser. This is essentially the PCD's safety pressure release valve. The Cold Vent may also be ignited, if required, making it a flare.

Gasco Pty Ltd (Gasco) has been awarded the contract for supply of the Thermal Oxidiser and Cold Vent. Gasco is a leading combustion and specialist engineering company in Australia.

Using the same supplier for both the Thermal Oxidiser and Cold Vent will deliver several budget and operational efficiencies, as this minimises construction, mobilisation, supervision and commissioning costs.

Leigh Creek Energy Limited  
PO Box 12  
Rundle Mall  
Adelaide SA 5000

T: +61 (0)8 8132 9100  
F: +61 (0)8 8231 7574  
W: [www.lcke.com.au](http://www.lcke.com.au)  
ACN: 107 531 822

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## GAS ANALYSER AND GAS INSTRUMENTS

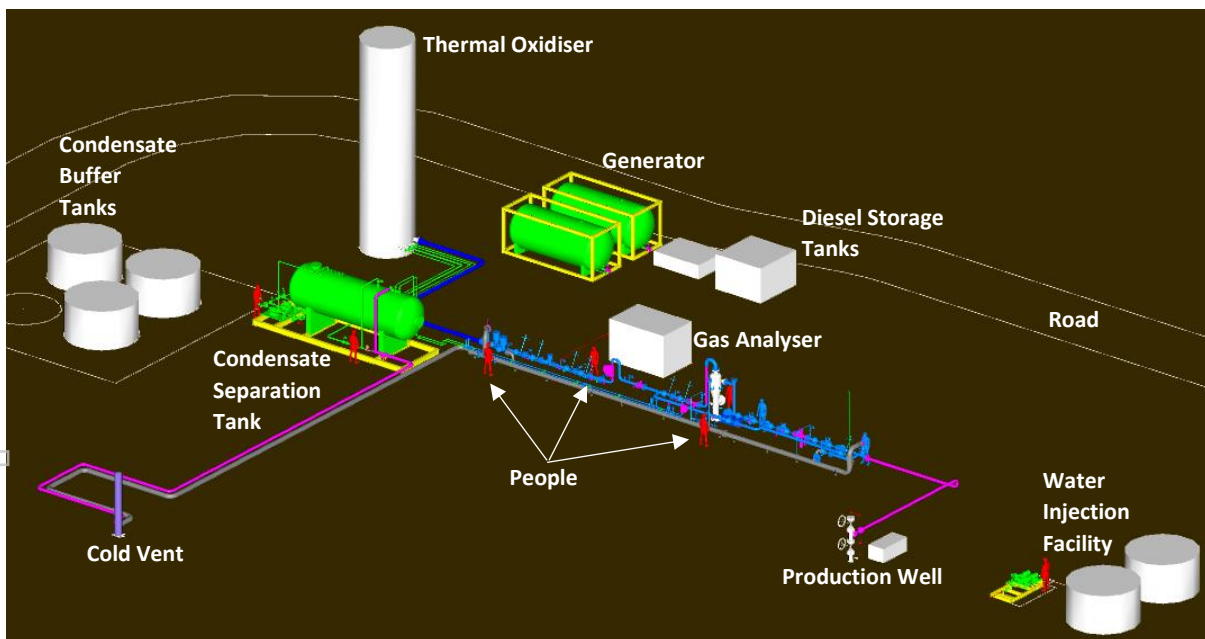
The Gas Analysis package is a critical piece of equipment for the PCD, as it will analyse the Syngas composition for commercial considerations, and oxygen content as a safety feature to prevent a dangerous combustible mixture in the above-ground plant. The instrumentation package is required for correct operation of the PCD plant.

ABB Australia Pty Ltd (ABB) has been awarded the contracts for supply of the Gas Analyser and Gas Instruments, realizing further cost and operational efficiencies. ABB is a global technology leader that works closely with utility, industry, transportation and infrastructure customers.

## PRE-COMMERCIAL DEMONSTRATION PLANT

The PCD is comprised of the following key elements, also illustrated below:

1. Production Well
2. Gas production and metering skids
3. Gas Analyser
4. Condensate separation tank
5. Thermal Oxidiser
6. Condensate buffer tanks
7. Generators and diesel storage
8. Water injection facility
9. Cold Vent/Safety Vent
10. Access Road



NB: Red figures are scale versions of people to give scale of plant

## SUMMARY

Awarding of these long lead time equipment packages enables LCK to further advance the progress of the PCD, the first phase in the commercial development of the Leigh Creek Energy Project. Additional progress will be announced as the project is advanced towards approvals, on-site construction, commissioning and initiation.

The development of the project remains subject to gaining regulatory approval. Ongoing community consultation continues.

LCK remains committed to completing the PCD in a safe, timely and cost-efficient manner, whilst simultaneously developing the corporate and community relationships that will be necessary in order to deliver maximum value from the LCEP.

The PCD, which is now fully funded, is a major step forward for LCK and is scheduled for initiation in Q4 2017.

The PCD will provide:

- Proof of concept of syngas production from the Leigh Creek Coal Measures;
- Technical data to inform the engineering design and environmental controls of the commercial facility; and
- Technical and environmental data required to support commercial project development approvals.

Commenting on the announcement Mr. Phil Staveley (Chief Executive Officer) said: *"The awarding of these construction and equipment supply contracts represents a significant milestone in the development of the PCD. The companies who have been awarded these contracts have demonstrated a culture and safety record commensurate with LCK's safety and operational requirements, as well as meeting our stringent commercial parameters. The awarding of these first construction contracts so soon after completing funding for the PCD illustrates LCK's urgency in progressing towards demonstration"*.

### **For further information, please contact:**

Andrew Harrington  
Corporate Development Manager  
Leigh Creek Energy

Ph: +61 421 583 344  
E: [andrew.harrington@lcke.com.au](mailto:andrew.harrington@lcke.com.au)

### **About Leigh Creek Energy**

*Leigh Creek Energy Limited (LCK) is an emerging gas company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value products such as electricity, methane and ammonium nitrate products (fertiliser and industrial explosives) from the remnant coal resources at Leigh Creek, utilising In Situ Gasification (ISG) technologies, and will provide long term growth and opportunities to the communities of the northern Flinders Ranges and South Australia.*

*The Company is committed to developing the LCEP using a best practice approach to mitigate the technical, environmental and financial project risks.*