

26 June 2017

ASX ANNOUNCEMENT



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Completion of Environmental Drilling

- **Environmental baseline drilling programme complete**
- **Information from programme provides critical information for regulatory approval documentation**
- **Regulatory approval documents in development**

South Australian energy company, Leigh Creek Energy Limited (ASX: LCK) ("LCK" or "the Company"), is pleased to announce the completion of its environmental baseline drilling programme for the Pre-Commercial Demonstration Stage (PCD) of the Leigh Creek Energy Project (LCEP).

COMMENT

Baseline Monitoring Programme

The programme for drilling baseline groundwater and pressure monitoring wells is complete. This programme comprised three groundwater monitoring wells and one pressure monitoring well.

Data from these wells will now be analysed to complete the conceptual model for environmental baseline characterisation. The conceptual model identifying the baseline environmental conditions of the PCD is an essential input into the documentation requirements for the regulatory approval to construct and operate the PCD.

Progress towards completion of this programme has not been as rapid as initially anticipated due to the requirement for deliberate, careful and diligent operations to ensure the data set was complete and appropriate to the baseline requirement.

The site surrounding the PCD has been the subject of open cut coal mining for several decades, until the end of mining at the Leigh Creek coalfield in 2015. Documentation of the pre-existing environmental conditions of the PCD site and the potential impact of mining operations at the Leigh Creek coalfield is critical for LCK to achieve prior to commencement of operations so that any impact of the PCD can be assessed relative to this baseline measure.

Regulatory Approvals

South Australia's *Petroleum and Geothermal Energy Act 2000* (PGE Act) establishes an efficient and objective regulatory process for the LCEP. The 'one-stop shop' approach in South Australia considers approvals on a case-by-case basis whereby risks are identified and managed down to as low as reasonably practical.

This is achieved through the development of an EIR - Environmental Impact Report (which identifies the potential environmental risks and the extent to which these are likely and manageable) and the SEO - Statement of Environmental Objectives (based on the EIR, it proposes a management and monitoring regime).

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The LCEP is located on a site heavily impacted by open cut mining operations. LCK is developing an environmental baseline model in order to demonstrate the minimal environmental risks and that its management of the PCD operations represents a model ISG operation.

Environmental Approval Documentation

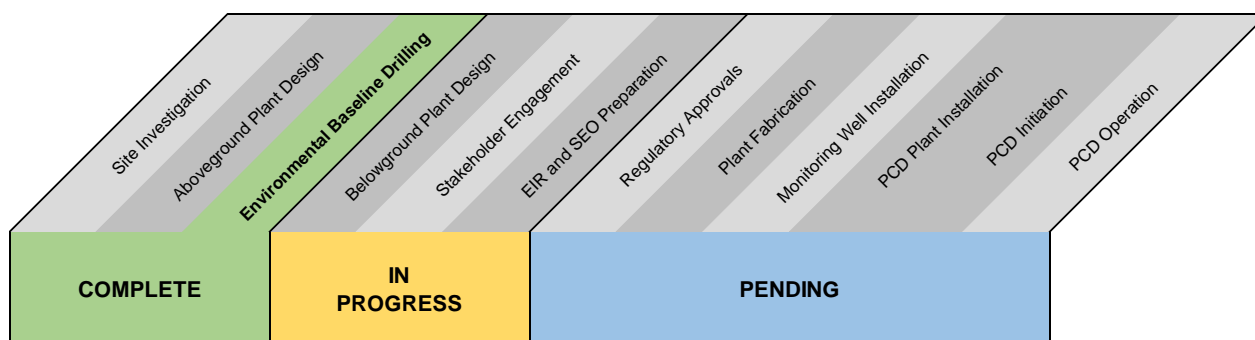
With the data from the drilling programme LCK is now preparing the EIR and SEO documents required under the PGE Act, which together constitute its approval application for construction and operation of the PCD. These documents will be submitted to the Department of Premier and Cabinet for assessment.

The regulatory approval process involves extensive consultation with community stakeholders, including the Traditional Owners of the region through the Adnyamathanha Traditional Lands Association.

SUMMARY

The completion of the environmental baseline drilling programme allows the company to complete its regulatory approval documents for the construction and operation of the PCD at the Leigh Creek site.

With funding for the PCD secured, the driving focus of the LCK Operations team is towards demonstrating generation of syngas in the fourth quarter of 2017. The project is accelerating rapidly, as illustrated by the current and expected progress in the following graphic:



Commenting on the announcement Mr. Phil Staveley (Chief Executive Officer) said: “Completion of the environmental drilling programme along with the awarding of construction contracts for the PCD demonstrates the rapid progress LCK is making towards the flaring of gas in late 2017. We expect to be able to announce in the near future that we have submitted approval documents to the Regulator. This recent rapid progress is another example the LCK team’s accelerated development of the PCD”.

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About Leigh Creek Energy

Leigh Creek Energy Limited (LCK) is an emerging gas company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value products such as 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.

Leigh Creek Energy acknowledges the Adnyamathanha people, the Traditional Owners of the land on which its operations occur and pay our respects to their Elders past and present.

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