



31 January 2018
Manager Companies
Companies Announcements Office
Australian Securities Exchange Limited

Quarterly report for the three months to 31 December 2017

Highlights

- ✓ Pre-Commercial Demonstration facility progressing
- ✓ Additional Drilling program completed
- ✓ Environmental approval documents submitted to Regulator
- ✓ Process for assessment of approval documents underway
- ✓ LCK Board strengthened

Leigh Creek Energy Limited (“LCK”, or “The Company”) is pleased to provide its shareholders and the market with an update on the development of the Leigh Creek Energy Project (LCEP) in South Australia for the three months to 31 December 2017.

LCK is an emerging energy company focussed on developing its LCEP in northern South Australia. LCK has a certified PRMS 2C Syngas Resource of 2963.9 PJ of syngas (refer ASX announcement January 8, 2016).

Pre-Commercial Demonstration Stage update

The construction and operation of the PCD facility is a major de-risking event for LCK and a significant step forward in its plans to commercialise the LCEP.

The Pre-Commercial Demonstration facility (PCD) is progressing rapidly. Upon completion, this fully operational scale plant will serve a number of purposes:

- ✓ Physically demonstrate the production of syngas from LCK’s gasification technology at Leigh Creek;
- ✓ Provide the South Australian Government with environmental data required for commercial scale approvals; and
- ✓ Deliver the economic parameters for final design and planning of the commercial plant.

Additional Drilling Program

LCK announced in its September 2017 Quarterly Report that it would be undertaking a program of additional drilling to secure geotechnical information required by the Regulator to augment existing information. This program was substantially completed by the end of the quarter.

The scope and objectives of this program were to:

- Drill three holes - two holes to provide further geological information requested by the Regulator and needed for the Environmental Impact Report (EIR), and a third hole to confirm design criteria for the PCD gasifier; and

- Reaffirm that no geological structures exist in proximity to the intended PCD gasifier location that could adversely affect the containment of ISG reactions.

Information from the additional Drilling Program has enabled the Company to provide the Regulator with the required information. Significantly, LCK has reaffirmed that there are no significant geological structures in proximity to the intended PCD Gasifier location.



Drill rig on site at the LCEP

Environmental Approval Update

Information from the additional Drilling Program has also enabled LCK to complete the EIR and companion document, the Statement of Environmental Objectives (SEO), constituting the approval documents for the LCEP PCD. These are the key documents required for assessment as part of the approval process for PCD operations in accordance with the requirements of the *Petroleum and Geothermal Energy Act 2000*.



Exploration rig on site at the LCEP

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LCK delivered the updated EIR and SEO documents to the Regulator in December 2017. The Regulator has now commenced its assessment process, which includes a public consultation period that will conclude at the end of February. LCK has been undertaking ongoing stakeholder engagement preliminary to the public process, with feedback incorporated into the EIR and SEO documents.

As many of you would be aware the South Australian Government has released our EIR and SEO for public comment. The closing date for all comments is the 28th of February 2018. We have been extensively involved in stakeholder engagement both before the public consultation process was announced and are continuing that process. As a result of the additional information previously requested by the Regulator, the closing dates of all public submissions being the 28th of February and the Regulator needing to be able to respond to and address any issue raised during that process it is unlikely that we will be able to have the demonstration plant operating (subject to approvals being granted) in the first quarter of 2018. We believe that we will be able to have the PCD operating in the second quarter of 2018 and look forward to announcing an update to the market that we have commenced the PCD.

Construction Contracts

The Company provided an update to the market on 28 November 2017 that contracting and procurement activities for the PCD fabrication were substantially complete. The following components of the PCD were discussed:

1. Above Ground Plant
2. Valves and associated equipment
3. Thermal oxidiser and Cold Vent
4. Well casing
5. Wellheads
6. Electrical and Control Systems
7. Gas Analysis and Instrumentation packages
8. Additional Drilling program
9. Groundwater and Geo-technical monitoring wells
10. PCD Inlet and Outlet Wells
11. Diesel Supply and Storage
12. Air Compression
13. Well Site Services
14. Earthworks.

Contractors and service providers await the Company's advice regarding timing to install these components on site at Leigh Creek and assemble the PCD plant, which will be after the conclusion of the public consultation process. We expect that the facility can be completed within weeks of receiving approval.

Board Strengthening

The Company announced on 6 December 2017 that it has strengthened the LCK Board with additional Directors, being:

1. Mr Zheng Xiaojiang, a senior international finance executive; and
2. Mr Phil Staveley, previously LCK Chief Executive Officer, became Managing Director.

Finance

As at 31 December, the company's total cash balance was \$13.5m with total debt drawn of \$0.75m under the CBA R&D working capital debt facility. Planned expenditure in the coming quarter totals \$8.3m, most of which will be eligible for the R&D tax offset enabling further draw-downs under the \$6.5m working capital debt facility. A summary of the cash flows for the quarter are attached in the Appendix 5B.

Actively Promoting the Company

Leigh Creek Energy Limited is committed to growing the Company and promoting itself to investors, financial advisers, stockbrokers and investor associations across Australia.

Amongst events the Company undertook in the December quarter were national investor and broker roadshows. In October, Phil Staveley also presented to the Melbourne chapter of the Australian Investors Association.

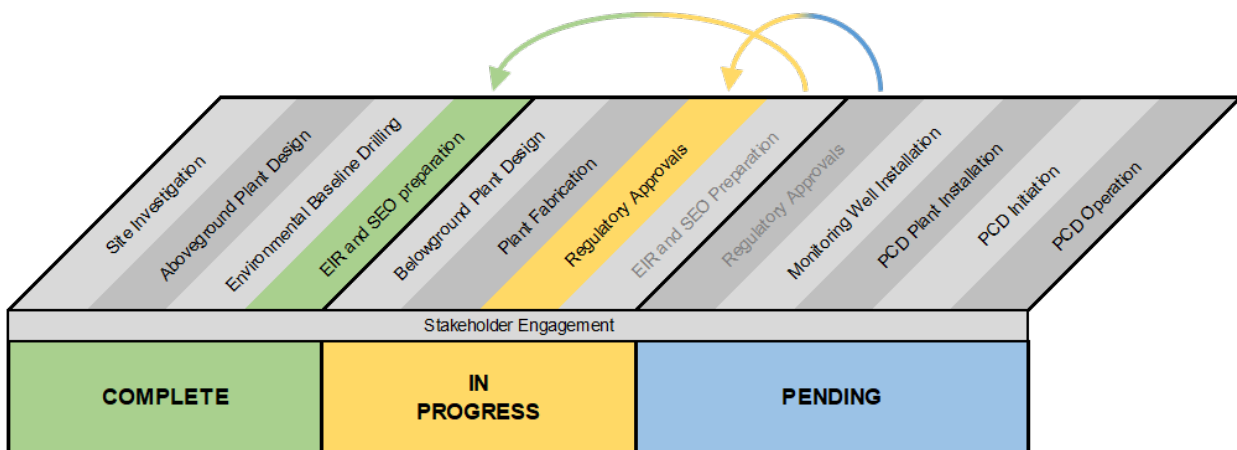
The March 2018 Quarter will continue the active market engagement of the Company, including various investor presentations and exhibitions.

Shareholders and interested parties are invited to meet with LCK as it participates in various events including a Sydney investor briefing on March 23rd at the Australian Investors Association National Annual Investment Summit 2018.

For those seeking further information about upcoming events please contact Tony Lawry who is available at tony.lawry@lcke.com.au and **O** +61 8 8132 9101 | **M** +61 412 467 160.

PCD Progress Summary

The driving focus of the LCK Operations team is towards flaring of demonstration gas. Current and expected progress is represented in the following graphic:



Managing Director Commentary

Commenting on the quarterly progress, LCK Managing Director, Mr. Phil Staveley, said:

“LCK continues to make steady progress towards its major event in early 2018, operation of the Pre-Commercial Demonstration facility. This will demonstrate to the Regulator and the community that ISG can be conducted safely, economically and in accordance with expectations. We look forward to achieving this milestone event.”

Tenements

As of 31 December 2017, LCK had a 100% interest in the licences listed below, all in South Australia, through LCK's wholly owned subsidiary Leigh Creek Operations Pty Ltd:

- Petroleum Exploration Licence 650;
- Gas Storage Exploration Licence 662.

Leigh Creek Operations Pty Ltd also has the following licence applications in progress:

- Petroleum Exploration Licence Application 582;
- Petroleum Exploration Licence Application 643;
- Petroleum Exploration Licence Application 644;
- Petroleum Exploration Licence Application 647;
- Petroleum Exploration Licence Application 649; and
- Minerals Exploration Licence Application 2017/00197.

Leigh Creek Energy – bringing reliable energy to South Australia.

For further information contact:
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About Leigh Creek Energy

Leigh Creek Energy Limited (LCK) is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP), located in South Australia. The LCEP will produce high value products such as methane, electricity and potentially fertiliser and industrial explosives from the remnant underground 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.

LCK acknowledges and respects the Adnyamathanha people, the Traditional Owners of the land on which its operations occur and pays its respects to their Elders past and present.

Resource Compliance Statement

The information in this announcement that relates to the 2C Contingent Syngas Resource was detailed in an announcement lodged with ASX on 8 January 2016 and is available to view at www.lcke.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All estimates are based on the deterministic method for estimation of petroleum resources.

Forward Looking Statements

This announcement may contain forward looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned mining and exploration programs and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements.

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In addition, estimates of resources could also be forward-looking statements. Although the Company believes that its expectations reflected in these statements are reasonable, they may be affected by a variety of changes in underlying assumptions which could cause actual results or trends to differ, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates amongst other items, and the cumulative impact of items.

For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any forward –looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LEIGH CREEK ENERGY LIMITED

ABN

31 107 531 822

Quarter ended ("current quarter")

December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2,489)	(5,577)
(b) development		
(c) production		
(d) staff costs	(592)	(1,343)
(e) administration and corporate costs	(752)	(1,457)
1.3 Dividends received (see note 3)		
1.4 Interest received	88	112
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		2,173
1.8 Other (provide details if material)	55	55
1.9 Net cash from / (used in) operating activities	(3,690)	(6,037)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(20)	(64)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(20)	(64)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	9,982	12,532
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(617)	(780)
3.5	Proceeds from borrowings	750	1,090
3.6	Repayment of borrowings		(1,950)
3.7	Transaction costs related to loans and borrowings	(14)	(74)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	10,101	10,818
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,073	8,747
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,690)	(6,037)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(64)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,101	10,818
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	13,464	13,464

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	858	182
5.2 Call deposits	1,606	291
5.3 Bank overdrafts		
5.4 Other (Term deposits)	11,000	6,600
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,464	7,073

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	180
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	29
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Piper Alderman lawyers were paid for legal services rendered to the Group. Non-Executive Director Greg English is a partner at Piper Alderman lawyers.

Investment Company Services Pty Ltd were paid for investor relations advisory services rendered to the Group. Mr Boyd Peters, Managing Director of this company, is a related party of Mr Justyn Peters, Executive Chairman.

Crown Ascent Development Limited were paid for corporate advisory services provided to the Group. Non-Executive Director Zheng Xiaojiang is a related party to Crown Ascent.

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	6,500	750
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Secured 12 month R&D working capital facility with Commonwealth Bank of Australia

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	6,860
9.2 Development	
9.3 Production	
9.4 Staff costs	654
9.5 Administration and corporate costs	648
9.6 Other (Interest Expense)	99
9.7 Total estimated cash outflows	8,261

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 January 2018

Print name: Jordan Mehrtens

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.