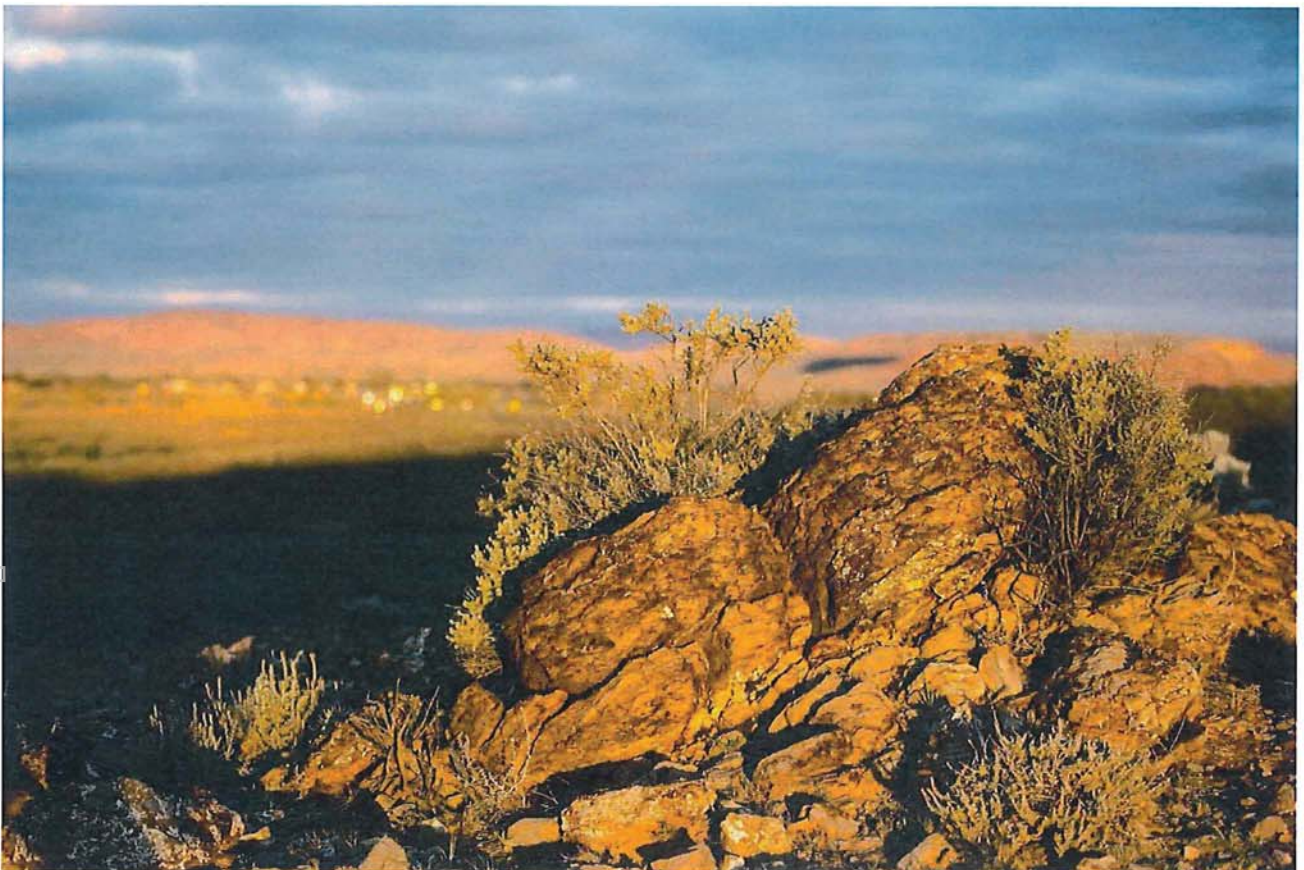


Leigh Creek Energy

INTERIM FINANCIAL REPORT

31 December 2018



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DIRECTORS' REPORT

The Directors of Leigh Creek Energy Limited (or '**Leigh Creek Energy**') present their Report together with the financial statements of the Consolidated Entity, being Leigh Creek Energy Limited ('the **Company**') and its Controlled Entities ('the **Group**') for the half-year ended 31 December 2018.

Director details

The following persons were Directors of Leigh Creek Energy during or since the end of the financial half-year:

- Daniel Justyn Peters
- Gregory English
- Murray Chatfield
- Zhe Wang
- Phillip Staveley
- Zheng Xiaojiang

Review of operations and financial results

Leigh Creek Energy Project:

On 3 September 2018 the Company received its final regulatory approval to commence operations on its Leigh Creek Energy Project (LCEP) with operation of the Pre-Commercial Demonstration (PCD) expected to commence within weeks of this approval. On 7 September 2018, the Company announced that it had been served legal documents on behalf of the Adnyamathanha Traditional Lands Association objecting to various approvals given to the Company and seeking an injunction on the commencement of the PCD. On 19 September 2018, the Company announced that the South Australian Supreme Court dismissed the application for an injunction, and all other objections were ultimately withdrawn.

On 10 October 2018, the Company successfully initiated the gasifier at the LCEP and following this commencement continued to work to develop the gasifier to its full production.

The first environmental results from the PCD confirmed that the PCD was operating as expected, in a safe, regulated and controlled manner.

Finance and Corporate:

The consolidated operating loss for the half year to 31 December 2018 was \$4,364,733 (2017: \$2,820,669). Expenditure incurred on the Leigh Creek Energy Project capitalised as Exploration and Evaluation expenditure was \$6,852,616 (2017: \$5,368,923).

Following the announcement of a placement in June 2018, the Company completed a Share Purchase Plan in July 2018, raising a total of \$1.52m. This was followed by placing the \$1.48m shortfall as announced on 30 July 2018. The Company received shareholder approval on 22 August 2018 to place the final tranche of the June 2018 placement to China New Energy Group Limited. This final tranche was not completed, and the Company sought to place this shortfall.

On 17 December 2018, the Company announced the placement of 10.68m shares at 12 cents per share to raise approximately \$1.28m, to be followed by a non-renounceable rights issue, providing shareholders the opportunity to buy one new share for ever fifteen shares held, to raise up to \$3.86m.

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The facility limit for the Research and Development Working Capital Facility with the Commonwealth Bank of Australia was reduced to \$3.6m and the 2017/2018 ATO rebate was received, allowing the Company to repay drawings relating to the rebate.

After reporting date events

On 8 January 2019, the Company announced that the PCD had developed further to the final gasification phase, producing commercial quality syngas, at low flow rates. On 20 January 2019 the Company confirmed a twenty-fold increase to the flow rates since the 8 January 2019 and continued syngas quality.

The Company commenced a rights issue in January, closing on 28 February 2019, with all shares issued on 7 March 2019. The rights issue raised \$3.86m.

The Company also announced a further capital raising of \$3m via a convertible note issue to Crown Ascent Development Limited. Non-Executive Director Mr Zheng Xiaojiang holds a non-controlling interest in Crown Ascent Development Limited. Crown Ascent is a related party of the company. The convertible notes will be issued once the full amount has been received by the Company.

The Company entered into an agreement prior to January 2019 and consequently issued 4 million unlisted options on 11 February 2019 on the following terms: 4m unlisted options at \$0.25 excise price, expiring 31 December 2020. These were expensed in the current period for accounting purposes.

The Company entered into an agreement prior to January 2019 and consequently issued 6 million unlisted options on 1 March 2019 on the following terms: 1.5m at \$0.20 excise price, expiring 31 October 2021. 1.5m at \$0.22 excise price, expiring 31 October 2021. 1.5m options at \$0.24 excise price, expiring 31 October 2021. 1.5m options at \$0.26 excise price, expiring 31 October 2021. These were expensed in the current period for accounting purposes.

In the Directors opinion, no other events or circumstances have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company or the Group.

A copy of the Auditor's Independence Declaration as required under s 307c of the Corporations Act 2001 is included on page 3 of this financial report and forms part of this Director's Report.

Signed in accordance with a resolution of the Directors.



P Staveley - Director

Dated at Adelaide, South Australia this 14th day of March 2019

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 review of Leigh Creek Energy Limited for the half-year ended 31 December 2018. 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 14 March 2019

ACN-130 913 594

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2018

| | Notes | 31 December 2018 \$ | 31 December 2017 \$ |
|--|-------|------------------------|------------------------|
| Other income | | 3,455 | 55,000 |
| Other expenses | | (1,593,131) | (1,323,206) |
| Depreciation | | (28,492) | (18,364) |
| Employee benefits expense | | (2,610,171) | (1,491,549) |
| | | (4,228,339) | (2,778,119) |
| Finance income | | 87,833 | 98,153 |
| Finance costs | | (224,227) | (140,703) |
| Loss before tax | | (4,364,733) | (2,820,669) |
| Tax expense | | - | - |
| Loss for the period from continuing operations | | (4,364,733) | (2,820,669) |
| Total other comprehensive income | | - | - |
| Total comprehensive (loss) for the period | | (4,364,733) | (2,820,669) |
| Earnings per share | | | |
| Basic and Diluted (cents per share) | 6 | (0.01) | (0.01) |

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

| | Notes | 31 December 2018 \$ | 30 June 2018 \$ |
|---|-------|------------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 4,264,987 | 9,323,648 |
| Trade and other receivables | | 4,550,623 | 9,359,171 |
| Other assets | | 72,610 | 142,433 |
| Total current assets | | 8,888,220 | 18,825,252 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 437,956 | 282,658 |
| Exploration and evaluation expenditure | 7 | 23,252,767 | 16,400,151 |
| Total non-current assets | | 23,690,723 | 16,682,809 |
| TOTAL ASSETS | | 32,578,943 | 35,508,061 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,844,425 | 5,757,263 |
| Borrowings | 8 | 3,725,900 | 3,830,000 |
| Employee entitlements | | 665,866 | 538,583 |
| Total current liabilities | | 6,236,191 | 10,125,846 |
| Total liabilities | | 6,236,191 | 10,125,846 |
| NET ASSETS | | 26,342,752 | 25,382,215 |
| EQUITY | | | |
| Equity attributable to the owners of the parent | | | |
| Share capital | 9 | 62,428,632 | 58,327,054 |
| Reserves | | 2,560,034 | 1,802,721 |
| Retained losses | | (38,645,914) | (34,747,560) |
| TOTAL EQUITY | | 26,342,752 | 25,382,215 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2018

| | SHARE CAPITAL \$ | RETAINED LOSSES \$ | SHARE OPTION RESERVE \$ | TOTAL \$ |
|--|------------------------|-----------------------|-------------------------------|--------------------|
| BALANCE 1 July 2018 | 58,327,054 | (34,747,560) | 1,802,721 | 25,382,215 |
| <i>Total comprehensive income</i> | | | | |
| Total profit or (loss) | - | (4,364,733) | - | (4,364,733) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | (4,364,733) | - | (4,364,733) |
| <i>Transactions with members in their capacity as owners:</i> | | | | |
| Issued share capital (net of costs) | 4,101,578 | - | - | 4,101,578 |
| Employee share-based payment | - | - | 1,223,692 | 1,223,692 |
| Transfer of lapsed options | - | 466,379 | (466,379) | - |
| Total transactions with owners | 4,101,578 | 466,379 | 757,313 | 5,325,270 |
| BALANCE AT 31 December 2018 | 62,428,632 | (38,645,914) | 2,560,034 | 26,342,752 |

| | SHARE CAPITAL \$ | RETAINED LOSSES \$ | SHARE OPTION RESERVE \$ | TOTAL \$ |
|--|------------------------|--------------------------|----------------------------------|--------------------|
| BALANCE 1 July 2017 | 41,100,034 | (28,728,710) | 1,456,144 | 13,827,468 |
| <i>Total comprehensive income</i> | | | | |
| Total profit or (loss) | - | (2,820,669) | - | (2,820,669) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | (2,820,669) | - | (2,820,669) |
| <i>Transactions with members in their capacity as owners:</i> | | | | |
| Issued share capital (net of costs) | 11,751,043 | - | - | 11,751,043 |
| Employee share-based payment | - | - | 34,657 | 34,657 |
| Total transactions with owners | 11,751,043 | - | 34,657 | 11,785,700 |
| BALANCE AT 31 December 2017 | 52,851,077 | (31,549,379) | 1,490,801 | 22,792,499 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2018

| | Notes | 31 December 2018 \$ | 31 December 2017 \$ |
|--|-------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Sundry income received | | - | 55,000 |
| Payments to suppliers and employees | | (2,809,801) | (2,831,882) |
| R&D rebates received | | 9,010,220 | 2,173,372 |
| Interest received | | 87,833 | 112,439 |
| Net cash provided by (used in) operating activities | | 6,288,252 | (491,071) |
| Cash flows from investing activities | | | |
| Purchase of property, plant & equipment | | (183,792) | (63,944) |
| Proceeds from disposal of assets | | 3,455 | - |
| Capitalised exploration costs | | (14,939,825) | (5,576,613) |
| Net cash (used in) investing activities | | (15,120,162) | (5,640,557) |
| Cash flow from financing activities | | | |
| Issue of shares | | 4,292,387 | 12,531,736 |
| Share issue transaction costs | | (190,809) | (783,693) |
| Proceeds from borrowings | | 3,725,899 | 1,090,000 |
| Borrowing costs | | (224,228) | (73,816) |
| Repayment of borrowings | | (3,830,000) | (1,950,000) |
| Net cash provided by financing activities | | 3,773,249 | 10,817,227 |
| Net increase (decrease) in cash held | | (5,058,661) | 4,685,599 |
| Cash at the beginning of the year | | 9,323,648 | 8,757,787 |
| Cash at the end of the period | | 4,264,987 | 13,443,386 |

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

The principal activity of the Group is advancing the development of its Leigh Creek Energy Project.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2018 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim consolidated financial statements have been approved and authorised for issue by the Board of Directors on 14th March 2019.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. As required by AASB 134, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3.1 Revenue

AASB 15 provides new guidance for determining when the Group should recognise revenue. The new revenue recognition model is based on the principle that revenue is recognised when control of a good or service is transferred to a customer – either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, or how much revenue is recognised.

There has been no impact on the Group's previously reported financial performance or financial position following the adoption of AASB 15.

3.2 Financial Instruments

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* requirements. AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets. The Group adopted AASB 9 from 1 July 2018 and the standard has been applied retrospectively. Comparatives for 30 June 2018 have not been restated.

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Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category. The change in classification has not impacted the carrying value of the Group's financial assets.

Impairment of financial assets

AASB 9 introduces a new impairment model which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The new model applies to the Group's trade receivables.

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group have assessed the impact of the impairment model and no adjustment was required in Group's financial statements.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

4. Accounting estimates and judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

5. Significant events and transactions

As detailed in the Director's Report, the company raised a total of \$4.24m through a Share Purchase Plan and placement during the 6 month period.

In September 2018 the Company received its final regulatory approval to commence operations on its Leigh Creek Energy Project (LCEP). On 10 October 2018, the Company successfully initiated the gasifier at the LCEP, following this commencement continued to work to develop the gasifier to its full production.

6. Earnings per share

The calculation of basic loss per share at 31 December 2018 was based on the loss attributable to ordinary equity holders of \$4,364,733 (2017: \$2,820,669) and a weighted average number of ordinary shares outstanding during the six months of 409,321,351 (2017: 368,533,371).

The calculation of diluted loss per share at 31 December 2018 is the same as basic diluted loss per share. In accordance with AASB 133 Earning per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to listed and unlisted options at 31 December 2018 totalled 22,763,500 (2017: 42,489,713).

7. 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.

During the year the Company applied for R&D Tax Incentives through AusIndustry in relation to eligible research expenditure incurred during 2017/18 for the Leigh Creek Energy Project. The tax incentive is provided as a refundable tax credit and has been credited to Exploration and Evaluation capitalised expenditure. The Company has received a tax refund of \$9,010,220 for the 2017/18 year and booked a receivable (\$4,000,000) in relation to eligible R&D expenditure for the half year to 31 December 2018.

| | Six months to 31 December 2018 \$ | Year to 30 June 2018 \$ |
|---|---|-------------------------------|
| Balance at opening | 16,400,151 | 5,985,725 |
| Licence fees | 3,759 | 8,748 |
| Costs capitalised for Feasibility Studies | 561,415 | 916,489 |
| Costs capitalised for Opportunities | 71,572 | - |
| Costs capitalised for LCEP | 10,215,870 | 18,537,324 |
| Less R&D tax concession rebates | (4,000,000) | (9,048,135) |
| Total exploration and evaluation expenditure | 23,252,767 | 16,400,151 |

8. Borrowings

Borrowings are recognised initially at fair value less attributable transaction and finance costs. Borrowings with a determinable payment due less than twelve months from the reporting date are classified as current liabilities.

In June 2018 LCK extended the facility limit for the Research and Development Working Capital Facility with the Commonwealth Bank of Australia to December 2019 and the facility limit was increased to \$10.5m. Following receipt of the 2017/18 ATO rebate and clean down of the Facility the limit decreased to \$3.6m to match anticipated 2018/19 tax rebates. The receivable due from the R&D 2017/18 rebate of \$9,010,220 was received in October 2018.

| | Six months to 31 December 2018 \$ | Year to 30 June 2018 \$ |
|--|---|-------------------------------|
| Current | | |
| Loan | 10,775 | - |
| R&D working capital facility | 3,600,000 | 3,830,000 |
| Total current borrowings | 3,610,775 | 3,830,000 |
| Non-current | | |
| Loan | 115,125 | - |
| Total borrowings | 3,725,900 | 3,830,000 |
| R&D working capital facility – available | 3,600,000 | 6,500,000 |
| R&D working capital facility – undrawn | - | (2,670,000) |
| Total borrowings drawn | 3,600,000 | 3,830,000 |
| Less unamortised transaction costs | - | - |
| Carrying amount at balance date | 3,600,000 | 3,830,000 |

9. Share capital

Following the announcement of a placement in June 2018, the Company completed a Share Purchase Plan in July 2018, raising a total of \$1.52m. This was followed by placing the \$1.48m shortfall as announced on 30 July 2018. The Company received shareholder approval on 22 August 2018 to place the final tranche of the June 2018 placement to China New Energy Group Limited. This final tranche was not completed, and the Company sought to place this shortfall.

On 17 December 2018, the Company announced the placement of 10.68m shares at 12 cents per share to raise approximately \$1.28m, to be followed by a non-renounceable rights issue, providing shareholders the opportunity to buy one new share for ever fifteen shares held, to raise up to \$3.86m.

| | Six months to 31 December 2018 | Year to 30 June 2018 |
|---|-----------------------------------|-------------------------|
| | \$ | \$ |
| Shares issued and fully paid: | | |
| Beginning of the period | 58,327,054 | 41,100,034 |
| Shares issued | 4,292,387 | 18,414,560 |
| Share issue costs | (190,809) | (1,187,540) |
| Total share capital at the end of the period | 62,428,632 | 58,327,054 |
| Number of shares | 482,167,271 | 452,780,603 |

10. 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:

- Legal expenses were incurred with Piper Alderman totalling \$20,626. Mr Greg English is a Director of Leigh Creek Energy and Partner of Piper Alderman.
- The Company engaged Investment Co Services for brokerage service to the value of \$36,364. The party is related to Mr Peters, Executive Chairman Leigh Creek Energy.

The Company incurred consulting fees and reimbursements to the value of \$164,873 with Mr Zheng Xiaojiang. Mr Zheng Xiaojiang is a Director of Leigh Creek Energy.

11. Events after the reporting date

On 8 January 2019, the Company announced that the PCD had developed further to the final gasification phase, producing commercial quality syngas, at low flow rates. On 20 January 2019 the Company confirmed a twenty-fold increase to the flow rates since the 8 January 2019 and continued syngas quality.

The Company commenced the rights issue in January, closing on 28 February 2019, with all shares issued on 7 March 2019. The rights issue raised \$3.86m.

The Company also announced a further capital raising of \$3m via a convertible note issue to Crown Ascent Development Limited. Non-Executive Director Mr Zheng Xiaojiang holds a non-controlling interest in Crown Ascent Development Limited. Crown Ascent is a related party of the company. The convertible notes will be issued once the full amount has been received by the Company

The Company entered into an agreement prior to January 2019 and consequently issued 4 million unlisted options on 11 February 2019 on the following terms: 4m unlisted options at \$0.25 excise price, expiring 31 December 2020. These were expensed in the current period for accounting purposes.

The Company entered into an agreement prior to January 2019 and consequently issued 6 million unlisted options on 1 March 2019 on the following terms: 1.5m at \$0.20 excise price, expiring 31 October 2021. 1.5m at \$0.22 excise price, expiring 31 October 2021. 1.5m options at \$0.24 excise price, expiring 31 October 2021. 1.5m options at \$0.26 excise price, expiring 31 October 2021. These were expensed in the current period for accounting purposes.

In the Directors' opinion, no other events or circumstances have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company or the Group.

DIRECTORS' DECLARATION

In the opinion of the Directors of Leigh Creek Energy Limited:

- a) The consolidated financial statements and notes of Leigh Creek Energy Limited are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 31 December 2018 and of its performance of the Group for the half-year ended on that date; and
 - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



P Staveley - Director

Dated at Adelaide, South Australia this 14th day of March 2019

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Independent Auditor's Review Report To the Members of Leigh Creek Energy Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Leigh Creek Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Leigh Creek Energy Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Leigh Creek Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

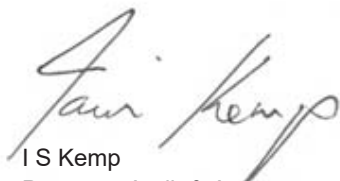
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 14 March 2019

CORPORATE DIRECTORY

Directors

Daniel Justyn Peters
Executive Chairman

Phillip Staveley
Managing Director

Greg D English
Non-Executive Director

Murray K Chatfield
Non-Executive Director

Zhe Wang
Non-Executive Director

Zheng Xiaojiang
Non-Executive Director

Registered & Principal Business Office

Level 11, 19 Grenfell Street
Adelaide, South Australia 5000

Bankers

Commonwealth Bank of Australia
96 King William Street
Adelaide, South Australia 5000

Auditors

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide, South Australia 5000

Principal Lawyers

Piper Alderman
Level 16, 70 Franklin Street
Adelaide, South Australia 5000

Share Registry

Computershare Registry Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000

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LCK

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