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ASX ANNOUNCEMENT



Manager Companies
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Amendment of Tranche 3 – Early Payment by China New Energy (CNE)

- **Tranche 3 to be split into two payments**
- **Immediate settlement of first payment**
- **Funding enables project development to continue on target to produce gas in 2017**

South Australian energy company, Leigh Creek Energy Limited (ASX: LCK) (“LCK” or “the Company”), is pleased to announce that the Subscription Agreement for tranche 3 to be paid by CNE has been amended by mutual agreement in order to ensure the development of the Leigh Creek Energy Project is not delayed by funding constraints.

As previously announced CNE is making a \$20 million investment in LCK over three tranches. The first two tranches were completed ahead of schedule in March and May 2017. In order to progress the project development as quickly as possible CNE has agreed to split the previously announced tranche 3 into two payments now defined as tranches 3 and 4.

Tranche 3 will consist of CNE completing a placement for the purchase of 17 million shares at the agreed price of 15c per share for a total of \$2,550,000. The shares will be issued subsequent to CNE making the first payment by 15 August. This will take CNE’s interest in LCK to 19.98%. Tranche 4 will take CNE’s shareholding to greater than 20% and as such shareholder approval will be required at a requisitioned General Meeting. A Notice of Meeting and the requisite Independent Experts Report is currently being prepared so that shareholders can make an informed decision when voting on tranche 4. The General Meeting is likely to be called for the end of September or early October. This will mean that CNE have paid a total of \$10 million dollars for 72 million shares in tranches 1,2 and 3 and, subject to shareholder approval, will complete their acquisition of LCK shares for a total investment of \$20 million.

SUMMARY

The completion of this early payment by CNE further demonstrates, in a most emphatic manner, the commitment of CNE to LCK and to the goal of achieving production of syngas in 2017.

Commenting on the announcement Mr. Phil Staveley (Chief Executive Officer) said: *“CNE are proving to be a valuable partner in the process of developing the Leigh Creek Energy Project. The completion of this early funding tranche provides a very concrete demonstration of CNE’s commitment to LCK and to the timelines we have established. This early payment means that the development of the LCEP can progress according to schedule with the goal of producing syngas in 2017.”*

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