

Leigh Creek Energy Limited

ACN 107 531 822

Notice of Annual General Meeting

And

Explanatory Memorandum

Notice is hereby given that the Annual General Meeting of Leigh Creek Energy Limited (**Company**) will be held:

Date of Meeting: 29 November 2017

Time of Meeting: 9.30 am (Adelaide time)

Place of Meeting: Grant Thornton, Level 3, 170 Frome Street Adelaide SA 5000

General Business:

Accounts

To consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 30 June 2017.

Ordinary Business:

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2017

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report for the financial year ended 30 June 2017 as set out in the Directors’ Report section of the 2017 Annual Report.”

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors or the Company.

Voting Restriction Statement – Resolution 1

In accordance with section 250R(4) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity), and the Company will disregard any votes cast, on Resolution 1, by or on behalf of any of the following persons:

- (a) a member of Key Management Personnel details of whose remuneration are included in the Remuneration Report; and

(b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the Meeting is appointed as proxy and the proxy form does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please Note: In accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder specifically authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the proxy form, you expressly authorise the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chair. If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or a Closely Related Party. That person would be permitted to vote undirected proxies.

Resolution 2 – Re-election of Mr Zhe Wang as Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, Mr Zhe Wang, a director retiring in accordance with clause 44.3(a) of the Company's Constitution and Listing Rule 14.4 and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

Resolution 3 – Re-election of Mr Daniel J D Peters as Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, Mr Daniel J D Peters, a director retiring in accordance with clause 46 of the Company's Constitution and Listing Rule 14.4 and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

Resolution 4 – Issue of a maximum of 60,000,000 Shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, the issue of up to 60,000,000 new Shares by the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice is approved.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by a person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if Resolution 4 is passed, and any of their respective associates (to the extent that those persons are known and identified by the Company at the time of the Annual General Meeting).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Special Business:

Resolution 5 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve for the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement – Resolution 5

The Company will disregard any votes cast on Resolution 5 by a person who may participate in a proposed issue of Shares under the 10% Placement Capacity, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed, and any of their respective associates. As at the date of this Notice, the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under ASX Listing Rule 7.1A. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Information for Members

“Snap-shot” Time

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Company has determined that only registered holders who hold Shares as at 7.00 pm (Adelaide time) on 27 November 2017 are entitled to vote at the Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Proxies

In accordance with section 249L of the Corporations Act and clause 38 of the Company’s Constitution, Shareholders are advised that:

- (a) a Shareholder entitled to attend and vote at the Meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate and need not be a Shareholder;
- (b) if a Shareholder is entitled to cast two or more votes, the Shareholder may appoint one or two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the proportion is not specified, each proxy may exercise half of the Shareholder’s voting rights. Fractional votes will be disregarded.

To record a valid vote other than by voting in person at the Meeting, Members will need to take either of the following steps:

- (a) cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or
- (b) complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- (c) for Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions,

no later than 9:30 am (Adelaide time) on 27 November 2017 (being 48 hours before the commencement of the Meeting).

Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the Meeting. The corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder’s or proxy’s (as applicable) corporate representative. The certificate or letter must be sent to the Company and/or the Company’s Share Registry (detailed above) in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

By order of the Board



J E Mehrtens, Company Secretary

Leigh Creek Energy Limited

31 October 2017

Explanatory Memorandum

Introduction

This Memorandum has been prepared for the information of Shareholders of Leigh Creek Energy Limited in connection with the business to be conducted at the Annual General Meeting of the Company to be held at **Level 3, 170 Frome Street Adelaide SA 5000 on Wednesday 29th November 2017 at 9.30 am (Adelaide time)**.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are either defined in the Glossary or elsewhere in this Explanatory Memorandum.

General Business

Receiving financial statements and reports

The Annual Report for the period ended 30 June 2017 either accompanies this Notice or is available on the Company's website: www.lcke.com.au.

The Corporations Act requires that Shareholders consider the annual consolidated financial statements and reports of the directors and auditor every year. There is no requirement for Shareholders to approve these reports. However, Shareholders attending the Meeting will be given a reasonable opportunity:

1. to ask question about or make comments on the management of the Company; and
2. to ask the Company's auditor or the auditor's representative questions relevant to:
 - a. the conduct of the audit;
 - b. the preparation and content of the auditor's report;
 - c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - d. the independence of the auditor in relation to the conduct of the audit.

A Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the auditor if the question is relevant to:

1. the content of the auditor's report to be considered at the Annual General Meeting; or
2. the conduct of the audit of the annual financial report to be considered at the Annual General Meeting.

A written question may be submitted by giving the question to the Company no later than **22 November 2017**, being five business days before the day on which the Meeting is to be held, and the Company will then, as soon as practicable after the question has been received, pass the question on to the auditor. At the Meeting, the Company will allow a reasonable opportunity for the auditor or the auditor's representative to answer written questions submitted to the auditor.

The Company will make copies of the question list reasonably available to Shareholders attending the Meeting.

No resolution is required to be moved in respect of this item of General Business.

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2017

In accordance with section 300A of the Corporations Act, the Remuneration Report is contained in the Directors' Report in the 2017 Annual Report. The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and Key Management Personnel.

Section 250R (2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the annual general meeting. Pursuant to section 250R(3), Shareholders should note that the vote on Resolution 1 is advisory only and will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

The Chair intends to vote all available proxies in favour of Resolution 1.

If, at two consecutive annual general meetings of a listed company, at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings, there must be put to the vote a resolution that another meeting be held within 90 days at which the directors who approved the directors report except the managing director (including directors who are re-elected at the annual general meeting) will cease to hold office immediately prior to the end of the meeting. If the resolution to hold the board spill meeting is passed, the spill meeting must be held within 90 days of the second annual general meeting.

The Company confirms that at the Company's 2016 Annual General Meeting more than 75% of votes were cast for the adoption of the remuneration report, and as such, the "two strikes" process described above will not apply at the Company's upcoming Annual General Meeting.

Resolution 2 – Re-election of Mr Zhe Wang as Director

Mr Zhe Wang was appointed as a Director effective from 1 July 2017 pursuant to clause 44.3 of the Company's constitution. That provision gives the Directors the power to appoint any person to fill a casual vacancy or as an addition to the Board.

A Director appointed under sub-clause 44.3 is required to retire at the first annual general meeting following his or her appointment, and is not taken into account in determining the number of Directors who must retire by rotation at the annual general meeting.

The Company provides the following information in relation to Mr Wang:

Mr Wang joined the Leigh Creek Energy Board as a Non-Executive Director on 1 July 2017.

On 30 March 2017, the Company announced the execution of an agreement and completion of a capital raising by way of private placement to a cornerstone investor, China New Energy Group Limited, along with other professional and sophisticated investors. The Company also announced that upon completion of the second tranche (out of a total of four tranches), China New Energy Group Limited would have the right to nominate a director to join the Board of Directors. On that basis, China New Energy Group Limited nominated, and the Directors resolved to appoint Mr Zhe Wang to the Board in accordance with the terms of the capital raising agreement and the Company's constitution.

Mr Wang is a Chinese based Energy and Thermal Physics Engineer and has over 8 years' executive management experience. Mr Wang also sits on the board of Beijing Raise Mind Technology Ltd.

Mr Wang's key areas of expertise include: coal combustion; renewable energy applications and steel sinter. He has a Bachelor of Thermo Dynamics, Renewable Energy Applications as well as a Masters in Energy Engineering and Thermal Physics, Coal Combustion.

Mr Wang's technical experience will provide an invaluable contribution to the Board and the Leigh Creek Energy Project.

The Directors (with Mr Wang abstaining) recommend that Shareholders **vote in favour** of Resolution 2. The Chair intends to vote all undirected proxies **in favour** of Resolution 2.

Resolution 3 – Re-election of Mr Daniel J D Peters as Director

In accordance with Clause 46 of the Constitution, at every annual general meeting, one third of the Directors must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

The Directors presently in office are Greg English, Murray Chatfield, Daniel Peters and Zhe Wang. Mr Wang is not taken into account in determining the number of Directors who must retire by rotation at the annual general meeting. Mr Peters is the Director who has been longest in office since the last re-appointment of each of the Directors, and as such, Mr Peters is the Director who retires by rotation at the Annual General Meeting. He has offered himself for re-election.

Mr Peters joined Leigh Creek Energy as Non-Executive Director on 28 November 2014 and was appointed Executive Chairman on 27 May 2015.

Mr Peters is a qualified Lawyer and has many years' experience in the In Situ Gasification industry and in senior management positions. He has had over a decade of experience with investing entities based offshore, and in particular in China, investing directly into Australian mining, energy and infrastructure projects and brings with him extensive deal structuring experience and long dated contacts. Mr Peters' experience includes working in the mining industry, for industry representative bodies and for various state and federal environment departments and authorities.

Mr Peters is a Director and Shareholder of Allied Resource Partners Pty Ltd which is a substantial shareholder of Leigh Creek Energy.

The Directors (with Mr Peters abstaining) recommend that Shareholders **vote in favour** of Resolution 3. The Chair intends to vote all undirected proxies **in favour** of Resolution 3.

Resolution 4 – Issue of a maximum of 60,000,000 Shares

Resolution 4 seeks Shareholder approval to allow for the future issue of up to 60,000,000 new Shares for the purposes of Listing Rule 7.1.

The Directors are of the view that the Company will require further funding over the next 12 month period in order to progress its projects and provide working capital to the Company.

If Resolution 4 is approved by Shareholders, the Directors will have the flexibility and discretion to issue up to a maximum of 60,000,000 new Shares within a 3 month period from the date of the Meeting, subject to a minimum price, without being restricted by the 15% limit imposed by Listing Rule 7.1 and without any delay or incurring additional expense in convening another general meeting to obtain any Shareholder approval that would otherwise be required under Listing Rule 7.1.

The following information is provided in accordance with Listing Rule 7.3:

1. A maximum of 60,000,000 Shares will be issued.
2. The Shares will be issued within 3 months of the date of this Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
3. The issue price for the Shares will be not less than 80% of the volume-weighted average price for the Company's Shares on the ASX, calculated over the last 5 days on which sales in the Company's Shares are recorded before the date on which the issue is made.
4. The names of the persons to whom the Company will issue the Shares are not known at this time. The Company intends (but without limitation) to issue the Shares to persons or entities identified by the Company and to which a disclosure document is not required to be provided under Part 6D.2 of the Corporations Act 2001. No related parties of the Company (within the meaning of the Corporations Act) will be issued Shares.
5. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares and application will be made for their quotation on ASX.
6. The purpose of the proposed issue is to provide funding to progress the Company's projects and to provide additional working capital.
7. It is intended that the Company will issue the Shares the subject of this resolution progressively throughout the 3 month period after the date of the Meeting, based on when placements are secured.
8. A voting exclusion statement is included in the Notice of Meeting.

The Directors unanimously recommend that Shareholders **vote in favour** of Resolution 4 as it allows the Company to retain flexibility to issue further securities as and when the Company's circumstances require it during the next 12 month period.

The Chairman intends to vote available undirected proxies **in favour** of Resolution 4.

Special business

Resolution 5 – Approval of Additional 10% Placement Capacity

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting at which shareholder approval of the issue is obtained by special resolution, in accordance with the terms set out below (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its total issued capital.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 16 October 2017 was \$45,417,847 (349,368,051 issued Shares at \$0.13 closing price per Share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A. The Company will need to remain compliant with the requirements of ASX Listing Rule 7.1A in order for the Company to utilise the additional capacity under the 10% Placement Capacity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity. As a special resolution, Resolution 5 requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative). The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see below for further information). It is the Company's intention that funds received under the 10% Placement Capacity will be used to generally fund project development and working capital requirements.

Description of Listing Rule 7.1A

a) Class of Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue two classes of quoted Equity Securities being quoted Shares, and quoted Options. As such, as at the date of the Notice, the classes of Equity Securities that the Company may issue under ASX Listing Rule 7.1A are quoted Shares, and quoted Options.

b) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, the maximum number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or the date of agreement to issue:

- (1) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid Shares that became fully paid in the 12 months;
- (3) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 or ASX Listing Rule 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or date of agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company had on issue 415,912,956 Shares and therefore (assuming Resolution 5 is approved by Shareholders) currently has the capacity to issue:

- (1) 62,386,943 Equity Securities under Listing Rule 7.1; and
- (2) subject to Shareholder approval being sought under Resolution 5, 41,591,295 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities or date of agreement to issue in accordance with the formula prescribed in Listing Rule 7.1A.2.

Specific Information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

(1) Minimum Issue Price

The issue price of Equity Securities under Listing Rule 7.1A must not be less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 trading days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Capacity as non-cash consideration for the acquisition of a new asset, resource or investment, in which case, the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(2) Risk of economic and voting dilution

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, existing Shareholders may be subject to the risk of both economic and voting power dilution from that issue. There is a risk that:

- (a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting at which approval under Listing Rule 7.1A is obtained;
- (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date for the Equity Securities; and
- (c) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing Shareholders on the basis of the market price of Shares of \$0.13 as of 16 October 2017 and the number of ordinary securities on issue

for variable “A” calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

- (a) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

TABLE

Variable ‘A’ in Listing Rule 7.1A.2		Dilution		
		\$0.065 50% decrease in issue price	\$0.13 Issue price	\$0.26 100% increase in issue price
Current Variable A 398,912,956 Shares	10% voting dilution	Shares 39,891,295	Shares 39,891,295	Shares 39,891,295
	Funds raised	\$2,592,934.2	\$5,185,868.4	\$10,371,736.7
50% increase in current Variable A 598,369,434 Shares	10% voting dilution	Shares 59,836,943	Shares 59,836,943	Shares 59,836,943
	Funds raised	\$3,889,401.3	\$7,778,802.6	\$15,557,605.2
100% increase in current Variable A 797,825,912 Shares	10% voting dilution	Shares 79,782,591	Shares 79,782,591	Shares 79,782,591
	Funds raised	\$5,185,868.4	\$10,371,736.9	\$20,743,473.7

The table sets out theoretical examples only, and has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
- (b) no unlisted Options are exercised which results in the issue of any Shares before the date of the issue of the Equity Securities;
- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue, assuming variable A is equal to the total issued share capital. This is why the voting dilution is shown in each example as 10%;

- (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting;
- (e) the table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in ASX Listing Rule 7.1 as well;
- (f) the issue of Equity Securities under the 10% Placement Capacity consists only of Shares;
- (g) the issue price is \$0.13, being the closing price of the Shares on ASX on 16 October 2017.

(3) Timing

The date by which the Equity Securities may be issued is as determined under Listing Rule 7.1A.1, being the earlier of:

- (a) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- (b) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

The approval under Resolution 5 for the 10% Placement Capacity will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(4) Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities for the following purposes:

- (a) non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (b) cash consideration. In such circumstances, the Company intends to use the funds raised to fund investigations into or acquire interests in energy resources or related technologies, or to satisfy the price of a strategic alliance for the Company, and/or generally to fund working capital requirements.

The Company will comply with the disclosure obligations under Listing Rule 7.1A (4) and Listing Rule 3.10.5A upon issue of any Equity Securities under the 10% Placement Capacity.

(5) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, includes but is not limited to, a rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the Equity Securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. No Director or related parties will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of Listing Rule 10.11.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Capacity will be the vendors of the new assets.

If Resolution 5 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Capacity during the 10% Placement Period as and when the circumstances of the Company require.

(6) Equity Securities issued by the Company

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 23 September 2016. Annexure A sets out the detailed information required under Listing Rule 7.3A.6 regarding:

- (a) the total number of Equity Securities issued in the 12 month period prior to the date of the Annual General Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period; and
- (b) details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Annual General Meeting.

(7) Voting Exclusion

A voting exclusion statement is included in the Notice of Annual General Meeting.

The Board considers that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required.

The Directors unanimously recommend that Shareholders **vote in favour** of Resolution 5.

The Chair intends to vote all undirected proxies **in favour** of Resolution 5.

Glossary

In this Explanatory Memorandum, the following terms have the following meaning unless the context otherwise requires:

"10% Placement Capacity" is defined in the notes about Resolution 5 in the Explanatory Memorandum.

"Annual Report" means the annual report of the Company for the year ended 30 June 2017.

"ASX" means ASX Limited ACN 008 624 691.

"Auditors" means the Company's duly appointed auditors.

"Board" means the Board of Directors from time to time.

"Chair" means the chair of the Company who will chair the Meeting.

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls.

"Company" means Leigh Creek Energy Limited ABN 31 107 531 822.

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Directors" means the directors of the Company from time to time and **"Director"** means any one of them.

"Directors' Report" means the report entitled "Directors' Report" in the Annual Report.

"Equity Securities" in relation to the securities of the Company means a Share, an option over an issued or unissued security, any right to a Share or option over an issued or unissued security, or a convertible security.

"Explanatory Memorandum" means this explanatory memorandum.

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

"Listing Rules" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"Meeting" or **"Annual General Meeting"** means the annual general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.

"Notice" or **"Notice of Annual General Meeting"** means the notice of general meeting which accompanies this Explanatory Memorandum.

"Remuneration Report" means the remuneration report contained in the Directors' Report section of the Annual Report.

"Resolution" means a resolution referred to in the Notice.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" or **"Member"** means a holder of Shares in the Company.

Annexure A - Information required under Listing Rule 7.3A.6

Total Equity Securities on Issue 12 months prior to 29 November 2017⁺ – 265,894,441

Total number of Equity Securities Issued in the 12 months prior to 29 November 2017– 150,018,515 ordinary shares, and 636,000 unlisted options.

Percentage Issued of the Total Equity Securities on Issue 12 months prior to 29 November 2017– 56.7%

⁺includes Shares, unquoted options, performance rights, and convertible notes

Equity Securities issued in 12 months prior to 29 November 2017:

Date of issue	4 April 2017
Number of Equity Securities issued	43,685,181
Class/Type of Equity Security	Ordinary Shares
Summary of terms	Detailed in the ASX announcement 30 March 2017
Names of persons who received securities or basis on which those persons were determined	China New Energy Group Limited and other sophisticated and professional investors
Price	\$0.135 per share
Discount to market price (if any)	Nil
<i>For cash issues</i>	
Total cash consideration received:	\$5.9m
Amount of cash consideration spent:	\$5.9m
Use of cash consideration	Activities relating to the approvals and construction of the Pre-Commercial ISG Demonstration facility at the Leigh Creek Energy Project, and working capital.
Intended use for remaining amount of cash (if any)	Not applicable
<i>For non-cash issues</i>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A


Date of issue	12 May 2017
Number of Equity Securities issued	22,788,429
Class/Type of Equity Security	Ordinary Shares
Summary of terms	Detailed in the ASX announcement dated 30 March 2017
Names of persons who received securities or basis on which those persons were determined	China New Energy Group Limited
Price	\$0.15 per share
Discount to market price (if any)	Nil
<i>For cash issues</i>	
Total cash consideration received	\$3.4m
Amount of cash consideration spent	\$3.4m
Use of cash consideration	Activities relating to the approvals and construction of the Pre-Commercial ISG Demonstration facility at the Leigh Creek Energy Project, and working capital.
Intended use for remaining amount of cash (if any)	Not applicable
<i>For non-cash issues</i>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A


Date of issue	11 August 2017
Number of Equity Securities issued	636,000
Class/Type of Equity Security	Unlisted options
Summary of terms	Detailed in the ASX announcement dated 11 August 2017.
Names of persons who received securities or basis on which those persons were determined	Existing Employees
Price	Exercise price of \$0.30
Discount to market price (if any)	N/A
<i>For cash issues</i>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<i>For non-cash issues</i>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	16 August 2017
Number of Equity Securities issued	17,000,000
Class/Type of Equity Security	Ordinary Shares
Summary of terms	Detailed in the ASX announcement dated 30 March 2017
Names of persons who received securities or basis on which those persons were determined	China New Energy Group Limited
Price	\$0.15 per share
Discount to market price (if any)	Nil
<i>For cash issues</i>	
Total cash consideration received	\$2.55m
Amount of cash consideration spent	nil
Use of cash consideration	Construction and operation of the Pre-Commercial ISG Demonstration facility at the Leigh Creek Energy Project, and working capital
Intended use for remaining amount of cash (if any)	As above
<i>For non-cash issues</i>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	October 2017
Number of Equity Securities issued	66,544,905
Class/Type of Equity Security	Ordinary Shares
Summary of terms	Detailed in the ASX announcement dated 30 March 2017
Names of persons who received securities or basis on which those persons were determined	China New Energy Group Limited
Price	\$0.15 per share
Discount to market price (if any)	Nil
<i>For cash issues</i>	
Total cash consideration received	\$9.98m
Amount of cash consideration spent	nil
Use of cash consideration	Construction and operation of the Pre-Commercial ISG Demonstration facility at the Leigh Creek Energy Project, and working capital
Intended use for remaining amount of cash (if any)	As above
<i>For non-cash issues</i>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Lodge your vote:

 **Online:**
www.investorvote.com.au



 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

 <p>Vote online</p> <ul style="list-style-type: none"> • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote. 	
<p>Your access information that you will need to vote:</p> <p>Control Number:</p> <p>SRN/HIN:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 9:30am (Adelaide time) Monday 27 November 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Leigh Creek Energy Ltd hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Leigh Creek Energy Ltd to be held at Grant Thornton Level 3, 170 Frome Street, Adelaide SA 5000 on Wednesday 29 November 2017 at 9:30am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1** (except where I/we have indicated a different voting intention below) even though **Item 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 1** by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Zhe Wang as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Daniel J D Peters as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of a maximum of 60,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

5 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /