



5 November 2018

Mr Michael Malavazos

Director Engineering Operations
Energy Resources Division
Department for Energy and Mining
GPO Box 320
Adelaide SA 5001

Dear Michael,

Re: LCK Pre-Commercial Demonstration Gasifier Failure to Continue

The Pre-Commercial (PCD) Gasifier was initiated on the evening of 10 October 2018, and Leigh Creek Energy (LCK or the Company) announced “first syngas” to its shareholders on 11 October 2018. At the time of initiation, the gases observed at the outlet well were mainly a combination of air (nitrogen and oxygen) and products of combustion (carbon dioxide and carbon monoxide), the latter indicating that the gasifier had commenced the heating or “combustion” phase prior to coal gasification.

We have detected trace amounts of gasification products (methane, carbon monoxide) and have observed slowly increasing water content in the product gas and slowly rising casing shoe temperature, all indicative of combustion continuing. However, after three weeks of carefully management of gas flows to try to establish full gasification in the chamber, the development of the gasifier has not progressed further.

In this instance we have several options available, all requiring “re-ignition” of the gasifier. To this end, we will be providing the ERD with documented Management of Change processes for these re-ignition works.

Given that the gasifier has not reached gasification, we request that the 90-day ISG trial period be temporarily suspended for up to 4 weeks pending the outcome of the re-ignition.

If you require any further information or clarification, please contact Cristian Bolda, GM Operations, or Justin Haines, GM Technical in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Phil Staveley', is written over a light blue horizontal line.

Phil Staveley
Managing Director