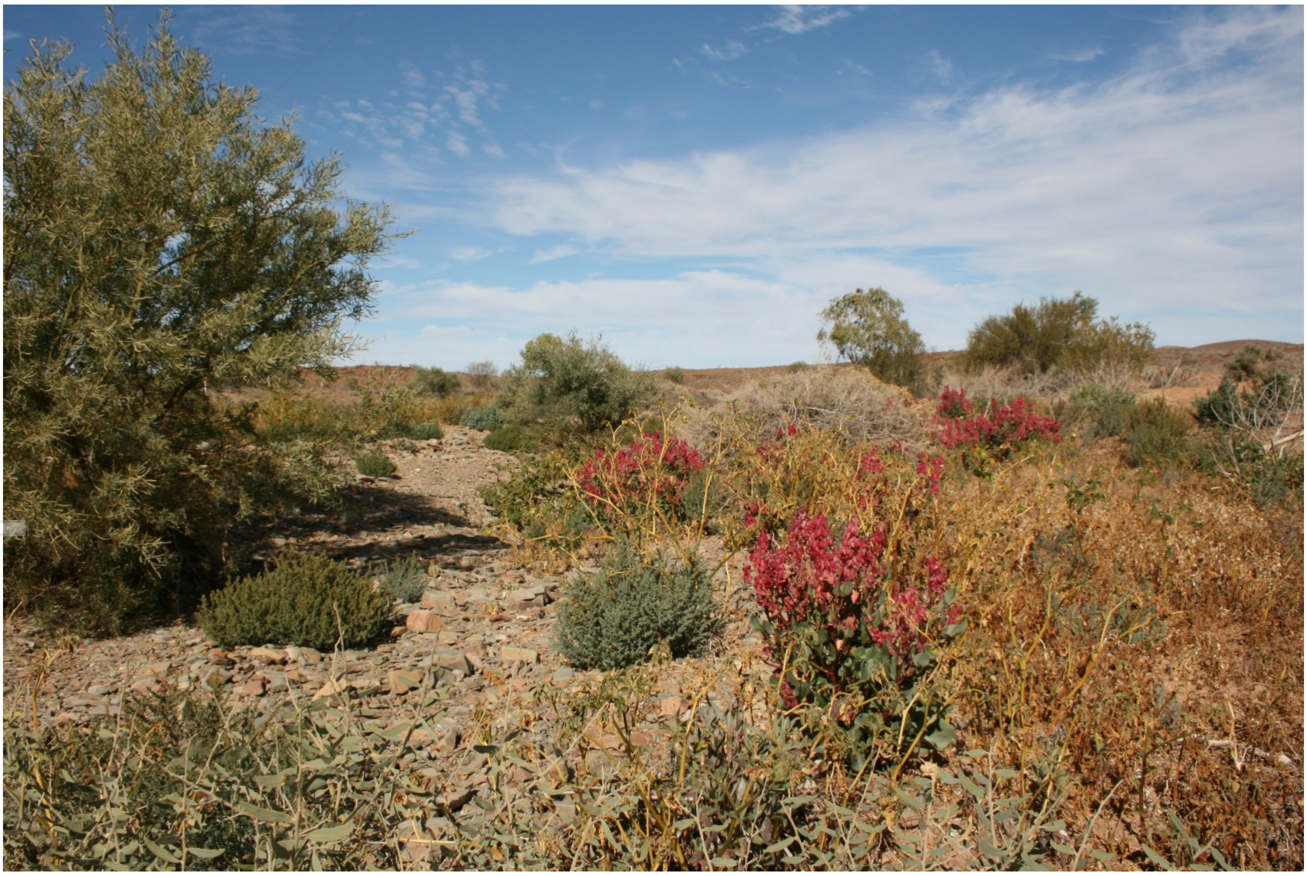
Leigh Creek Energy

INTERIM FINANCIAL REPORT

31 December 2020



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DIRECTORS' REPORT

The Directors, present their report together with the financial statements of the Consolidated Entity, being Leigh Creek Energy Limited ('the **Company**' or "Leigh Creek Energy") and its Controlled Entities ('the **Group**') for the half-year ended 31 December 2020.

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:

The Company commenced the financial year in consultation with South Australian Regulatory Authorities to establish the mechanism to be granted a Petroleum Production License (PPL), following the award of a Petroleum Retention License (PRL) in June 2020.

The Company was issued with this PPL and an Associated Activities Licence (AAL) by the South Australian Government for the Leigh Creek Energy Project (LCEP) on the 25th of November 2020. In issuing the PPL the SA Department for Energy and Mining, as Regulator of petroleum activities in SA, assessed the Company technically and against Section 35(1)(d) of the Petroleum and Geothermal Energy Act 2000, and determined that the LCEP is likely to be commercially feasible. This provides the Company with security of tenure and confirms that it is likely to begin commercial ISG production and revenue generation from the Stage 1 Commercial Development, within the next 24 months. The PPL is the last petroleum licence approval required for upstream development of the LCEP. The award of these licences was a major milestone in the development of the flagship LCEP project.

Another major milestone to be achieved during the period was the completion of the Pre-Feasibility Study (PFS) into the LCEP project. The LCEP PFS highlights the robust economics for the development of a urea production plant to provide fertiliser to the domestic Australian market and potentially for export. Key project parameters include:

- Average nominal production cost of $109/tonne places LCEP in the lowest cost quartile of the global urea cost curve.
- Pre-tax leveraged Net Present Value (NPV) A$3.4 billion, Internal Rate of Return (IRR) 30%.
- Annual urea plant capacity of 1.0 million tonnes per annum, with medium term scope to increase to 2.0 million tonnes per annum.
- Total capital cost estimate $2.6 billion.
- Commercial life of over 30 years supported by our 1,153PJ of in situ 2P reserves.
- Hydrogen production potential to be determined once engineering design is finalised.

Completion of the PFS moves LCK a step closer to initiating construction of this major project that will stimulate the South Australian regional and state economy and underpin Australia's agricultural sector by producing nitrogen-based fertiliser and hydrogen products for local and international markets.

Leigh Creek Oil & Gas Activities:

LCK continues to progress work with Bridgeport Energy (QLD) Pty Limited as part of its farm-in obligations in ATP 2023 and ATP 2024 in the Queensland Cooper Basin.

In addition to the Queensland permits, in July 2020, LCK was awarded two Petroleum Exploration Licence Applications (PELAs) PELA 675 and PELA 676 as part of the 2019 South Australian Cooper Basin Acreage Release by the Department for Energy & Mining. The Company has commenced the Native Title proceedings with the 3 Traditional Owners in the two permits.

Finance and Corporate

The consolidated operating loss for the half year to 31 December 2020 was $4,036,356 (2019: $3,193,773). Expenditure capitalised as Exploration and Evaluation expenditure for the Leigh Creek Energy Project and Leigh Creek Oil & Gas activities was $1,218,578 (2019: $1,200,601).

LCK has entered into its first Joint Venture Agreement (JVA) under which it will provide In-Situ Gasification (ISG) project management and consultancy services to China New Energy (CNE). The JVA is focussed on ISG operations in China and formalises LCK's relationship with CNE. CNE brings funding, access to coal and knowledge and familiarity with the Chinese regulatory system which will accelerate the commercialisation of ISG in China. LCK will supply knowledge and operational experience of ISG technology and commercialisation processes.

LCK has officially qualified as a signatory to the United Nations Global Compact during the period after demonstrating and fulfilling the eligibility criteria for human rights, labour, environment, and anti-corruption required for businesses to partake in the world's largest corporate sustainability initiative. LCK's participation in the Compact strongly aligns with the Company's operating principles and supports the environmental, social and governance (ESG) strategy to create enduring value for all of its stakeholders. The Company's approach to managing ESG will have a meaningful impact across all aspects of the business and its long-term viability, including high labour standards and becoming carbon neutral by 2030 through the use of carbon capture, storage, and carbon offset.

The Company was also able to confirm the receipt of a Research and Development Tax Incentive cash rebate from the Australian Taxation Office of $518,432. On receipt of this rebate the Research and Development Working Capital Facility with the Commonwealth Bank of Australia was fully repaid and finalised.

After reporting date events

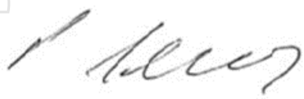
The Company conducted an Institutional Share Placement on the 5th of January 2021. The financing consists of the following phased payments of up to $18,000,000 to be made to LCK by the US-based institutional investor Energy Exploration Capital Partners, LLC (the Investor):

- The first placement: $6 million in the placement of ordinary shares (the Placement Shares) by way of a placement of $6,540,000 worth of Placement Shares to raise net proceeds of $6,000,000. This placement occurred with funds received by LCK in January 2021.
- The Investor has granted LCK a unilateral option to place an additional $6,540,000 worth of Placement Shares to the Investor to raise net proceeds of $6,000,000 (the Second Investment), and a unilateral option to place an additional $6,540,000 worth of Placement Shares to the Investor to raise net proceeds of $6,000,000 (the Third Investment).

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 3rd day of March 2021.

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Adelaide SA 5000

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Adelaide SA 5001

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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 2020, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 3 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Notes	31 December 2020 $	31 December 2019 $
Other income		50,501	-
Depreciation		(88,623)	(27,331)
Employee benefits expense		(2,098,912)	(1,668,320)
Other expenses		(1,879,954)	(1,397,721)
		(4,016,988)	**(3,093,372)**
Finance income		1,741	17,947
Finance costs		(21,109)	(118,348)
Loss before tax		**(4,036,356)**	**(3,193,773)**
Tax expense		-	-
Loss for the period from continuing operations		**(4,036,356)**	**(3,193,773)**
Total other comprehensive income		-	-
Total comprehensive (loss) for the period		**(4,036,356)**	**(3,193,773)**
Earnings per share			
Basic and Diluted (cents per share)	6	(0.01)	(0.01)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Notes	31 December 2020 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents		3,265,503	6,814,387
Trade and other receivables		143,366	557,497
Prepayments		154,260	125,211
Total Current Assets		**3,563,129**	**7,497,095**
NON-CURRENT ASSETS			
Restricted cash		564,804	564,804
Property, plant equipment		408,515	404,447
Exploration and evaluation expenditure	7	28,439,639	27,221,061
Right-of-use asset		177,647	245,043
Total Non-Current Assets		**29,590,605**	**28,435,355**
TOTAL ASSETS		**33,153,734**	**35,932,450**
CURRENT LIABILITIES			
Trade and other payables		408,873	477,000
Borrowings	8	83,132	450,848
Employee entitlements		620,271	476,279
Lease liabilities		166,725	147,864
Total Current Liabilities		**1,279,001**	**1,551,991**
NON-CURRENT LIABILITIES			
Borrowings	8	96,050	102,350
Lease liabilities		57,127	121,006
Total Non-Current Liabilities		**153,177**	**223,536**
TOTAL LIABILITIES		**1,432,178**	**1,775,347**
NET ASSETS		**31,721,556**	**34,157,103**
EQUITY			
Share capital	9	81,138,167	81,094,167
Reserves		5,610,724	4,053,915
Retained losses		(55,027,335)	(50,990,979)
TOTAL EQUITY		**31,721,556**	**34,157,103**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

	SHARE CAPITAL $	RETAINED LOSSES $	SHARE OPTION RESERVE $	TOTAL $
BALANCE 1 July 2020	**81,094,167**	**(50,990,979)**	**4,053,915**	**34,157,103**
Total profit or (loss)	-	(4,036,556)	-	(4,036,556)
Total comprehensive income	**-**	**(4,036,556)**		**(4,036,556)**
Employee share- based payments	-	-	1,556,809	1,556,809
Total employee share-based payments	**-**	**-**	**1,556,809**	**1,556,809**
Issued share capital (net of costs)	44,000	-	-	44,000
Total transactions with owners	**44,000**	**-**	**-**	**44,000**
BALANCE AT 31 December 2020	**81,138,167**	**(55,027,335)**	**5,610,724**	**31,721,556**

	SHARE CAPITAL $	RETAINED LOSSES $	SHARE OPTION RESERVE $	TOTAL $
BALANCE 1 July 2019	**71,000,050**	**(43,836,038)**	**2,581,728**	**29,745,740**
Total profit or (loss)	-	(3,193,773)	-	(3,193,773)
Total comprehensive income	**-**	**(3,193,773)**	**-**	**(3,193,773)**
Employee share-based payments	-	-	202,110	202,110
Total employee share-based payments	**-**	**-**	**202,110**	**202,110**
Issued share capital (net of costs)	3,150,936	-	-	3,150,936
Total transactions with owners	**3,150,936**	**-**	**-**	**3,150,936**
BALANCE AT 31 December 2019	**74,150,986**	**(47,029,811)**	**2,783,838**	**29,905,013**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Notes	31 December 2020 $	31 December 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,479,541)	(3,468,925)
R&D rebates received		518,432	6,387,439
Interest received		1,741	17,947
Sundry income received		501	-
Cash flow boost stimulus grant income		50,000	-
Changes in long-term bank deposits		-	(3,323)
Net cash (used) / provided by operating activities		**(1,908,867)**	**2,933,138**
Cash flows from investing activities			
Purchase of property, plant & equipment		(25,295)	13,182
Capitalised exploration costs		(1,218,578)	(1,200,601)
Net cash (used in) investing activities		**(1,243,874)**	**(1,187,419)**
Cash flow from financing activities			
Issue of shares		58,000	3,222,500
Share issue transaction costs		(14,000)	(203,620)
Proceeds from borrowings		146,795	108,711
Borrowing costs		(66,127)	(118,348)
Repayment of borrowings		(520,811)	(3,934,846)
Net cash (used in)/provided by financing activities		**(396,143)**	**(925,603)**
Net increase/(decrease) in cash held		(3,548,884)	820,116
Cash at the beginning of the year		6,814,387	3,057,383
Cash at the end of the period		**3,265,503**	**3,877,499**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

The principal activity of the Group is pursuing 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 2020 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 2020 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 3rd day of March 2021.

3. Changes in significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2020 are the relevant policies for the purposes of comparatives.

3.1 New standards adopted as at 1 July 2020.

There were no new standards adopted as at 1 July 2020.

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 2020.

5. Significant events and transactions

The Company has determined to make Directors Short Term Incentives (STI) payable in zero exercise price options. This approach was approved by shareholders at the Annual General Meeting held on the 4th of November 2020. Subject to successful completion of all STI criteria the company may issue to Directors up to 12,024,728 zero priced options.

6. Earnings per share

The calculation of basic loss per share at 31 December 2020 was based on the loss attributable to ordinary equity holders of $4,036,356 (2019: $3,193,773) and a weighted average number of ordinary shares outstanding during the six months of 654,968,121 (2018: 444,786,992).

The calculation of diluted loss per share at 31 December 2020 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 unlisted options at 31 December 2020 totalled 73,272,933 (2019: 41,263,500).

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.

	Six months to 31 December 2020 $	Year to 30 June 2020 $
Balance at opening	27,221,061	25,025,917
Licence fees	27,066	28,219
Costs capitalised for Leigh Creek Operations	1,217,662	2,428,698
Costs capitalised for Bridgeport joint operation	111,813	255,643
Less R&D tax concession rebates	(137,963)	(517,417)
Total exploration and evaluation expenditure	**28,439,639**	**27,221,061**

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 October 2020 the Research and Development Working Capital Facility with the Commonwealth Bank of Australia was closed, following the receipt of the R&D 2019/20 ATO rebate.

	Six months to 31 December 2020 $	Year to 30 June 2020 $
Current		
Loan – Motor Vehicle	83,132	90,848
R&D working capital facility	-	360,000
Total current borrowings	**83,132**	**450,848**
Non-current		
Loan – Motor Vehicle	96,050	102,350
Total borrowings	**179,182**	**553,198**
R&D working capital facility – available	-	750,000
R&D working capital facility – undrawn	-	(390,000)
Total borrowings drawn	**-**	**360,000**
Less unamortised transaction costs	-	-
Carrying amount at balance date	**-**	**360,000**

9. Share capital

In the six months to 31 December 2020, 3,517,637 shares were issued on the exercise of options.

	Six months to 31 December 2020 $	Year to 30 June 2020 $
Shares issued and fully paid:		
Beginning of the period	81,094,167	71,000,050
Shares issued	58,000	10,518,339
Share issue costs	(14,000)	(424,222)
Total share capital at the end of the period	**81,138,167**	**81,094,167**
Number of shares	**658,180,049**	**654,662,412**

Movement of issued capital issued during the Period.

Type of share issue	Date of issue	No of ordinary shares on issue	Issue price $	Share capital $
Opening balance 1 July 2020		654,662,412		81,094,167
Options exercise	1 July 2020	546,234	-	-
Options exercise	3 July 2020	312,075	-	-
Options exercise	21 July 2020	241,851	-	-
Options exercise	3 August 2020	813,643	-	-
Options exercise	13 August 2020	107,306	-	-
Options exercise	31 August 2020	588,606	-	-
Options exercise	8 September 2020	226,203	-	-
Options exercise	16 September 2020	53,548	-	-
Options exercise	19 November 2020	628,171	0.12	58,000
Share issue costs	31 December 2020			(14,000)
Issued capital		**658,180,049**		**81,138,167**

Share based Payments.

Accounting policy – Share based payment plans.

The Group operates equity-settled share-based remuneration plans for its employees and some consultants. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees or consultants are rewarded using share-based payments, the fair value is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Grant date might occur after the employees or consultants to whom the equity instruments were granted.
have begun rendering services, such as grant of equity instruments to key management personnel which are subject to shareholder approval. The Company estimates the grant date fair value of the equity instruments (e.g., by estimating the fair value of the equity instruments at the end of the reporting period), for the purposes of recognising the services received during the period between service commencement date and grant date. Once the date of grant has been established, the Company revises the earlier estimate so that the amounts recognised for services received in respect of the grant are ultimately based on the grant date fair value of the equity instruments.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

For Plans 10, 14-15 and 21 the fair value at issue date is calculated using the Black Scholes option pricing model that takes into account the share price at issue date, the exercise price, the term until expiry, estimate of implied volatility.

For plans 17 - 20, the fair value is calculated using the 20 preceding trading days VWAP prior to issue. These options are issued at a zero-exercise price, in exchange for employee wages foregone.

For plans 22 and 23, the fair value is calculated using the 20 preceding trading days VWAP prior to issue. These options are issued at a zero-exercise price.

For all other plans, including plans 1-9, 11, 12 and 16, the fair value at issue date is calculated using the Trinomial option pricing model that takes into account the share price at issue date, the exercise price, the term until expiry, estimate of implied volatility.

(i) Number of options granted during the period.

	As at 31 December 2020	Weighted average exercise price.
Outstanding at beginning of the year	65,039,794	$0.26
Expired	(11,623,500)	$0.38
Granted	23,374,276	$0.05
Exercised	(3,517,637)	$0.02
Outstanding	**73,272,933**	**$0.27**

	As at 30 June 2020	Weighted average exercise price.
Outstanding at beginning of the year	42,293,500	$0.32
Forfeited	(2,250,000)	$0.30
Expired	(2,030,000)	$0.26
Granted	27,488,220	$0.16
Exercised	(461,926)	$0.30
Outstanding	65,039,794	$0.26

(ii) Valuation assumptions – employee plans

At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. A volatility curve was used for plans 1-15. Options vested on issue date for plans 7-15.

	Plan 1	Plan 2	Plan 3
Grant date	15 October 2015	1 December 2015	1 December 2015
Number issued	2,000,000	2,000,0000	10,250,000
Share price at grant date	$0.17	$0.23	$0.23
Volatility (average)	70%	70%	70%
Fair value at issue date	$0.08	$0.02	$0.04
Exercise price	$0.212[1], $0.25[2]	$1.50	$0.30
Exercisable from	22 October 2015	31 July 2016[3]	31 July 2016[3]
Exercisable to	14 October 2020[4]	31 July 2020	30 November 2020

Notes:

(1) Exercise price for Tranche 1 was the greater of $0.20 and 10% premium to the 5-day VWAP up to 26 May 2015.

(2) Exercise price for Tranche 2 was the greater of $0.25 and 20% premium to the 5-day VWAP up to 26 May 2015.

(3) Options vest at 25% per year on 31 July 2016, 31 July 2017, 31 July 2018 and 31 July 2019 if vesting conditions (milestones) are achieved.

(4) Tranche 1 expiry date is 14 October 2019, and Tranche 2 expiry date is 14 October 2020.

	Plan 4	Plan 5	Plan 6
Grant date	11 July 2016	4 October 2016	10 July 2017
Number issued	195,000	4,000,000	636,000
Share price at grant date	$0.19	$0.13	$0.11
Volatility (average)	70%	70%	70%
Fair value at issue date	$0.04	$0.03	$0.02
Exercise price	$0.49, $0.30	$0.35, $0.45	$0.30
Exercisable from	11 July 2016[1]	10 October 2016	31 July 2018[2]
Exercisable to	30 November 2020	10 October 2021	30 November 2020

Notes:

(1) Options vest at 25% per year on 31 July 2016, 31 July 2017, 31 July 2018 and 31 July 2019 if vesting conditions (milestones) are achieved.

(2) Options vest at 33% per year on 31 July 2018, 31 July 2019 and 31 July 2020 if vesting conditions are achieved.

	Plan 7	Plan 8	Plan 9
Grant date	22 August 2018	22 August 2018	18 July 2018
Number issued	5,000,000	5,000,000	5,015,000
Share price at grant date	$0.17	$0.17	$0.19
Volatility (average)	70%	70%	70%
Fair value at issue date	$0.06	$0.08	$0.07
Exercise price	$0.35	$0.25	$0.25
Exercisable from	18 January 2019	18 January 2019	18 July 2018
Exercisable to	17 April 2023	3 July 2022	16 July 2022

	Plan 10	Plan 21
Grant date	17 December 2019	19 August 2020
Number issued	8,600,000	8,900,000
Share price at grant date	$0.16	$0.08
Volatility (average)	70%	90%
Fair value at issue date	$0.06	$0.05
Exercise price	$0.23	$0.12
Exercisable from	13 December 2019	19 August 2020
Exercisable to	12 December 2023	18 August 2024

(iii) Valuation assumptions – consultant plans

	Plan 11	Plan 12	Plan 13
Grant date	4 October 2016	1 March 2019	11 February 2019
Number issued	800,000	6,000,000	4,000,000
Share price at grant date	$0.10	$0.215	$0.11
Volatility (average)	70%	70%	70%
Fair value at issue date	$0.15	$0.06	$0.03
Exercise price	$0.30	$0.20, $0.22, $0.24, $0.26	$0.25
Exercisable from	20 July 2016	1 March 2019	11 February 2019
Exercisable to	8 May 2021	31 October 2021	31 December 2020

	Plan 14	Plan 15	Plan 16
Grant date	17 March 2020	17 March 2020	18 July 2018
Number issued	5,494,505	5,494,505	775,000
Share price at grant date	$0.11	$0.11	$0.19
Volatility (average)	70%	70%	70%
Fair value at issue date	$0.04	$0.03	$0.07
Exercise price	$0.14	$0.18	$0.25
Exercisable from	17 March 2020	17 March 2020	18 July 2018
Exercisable to	17 March 2023	16 March 2023	16 July 2022

(iv) Other employee plans

	Plan 17	Plan 18	Plan 19
Grant date	17 April 2020	19 May 2020	15 June 2020
Number issued	974,817	973,688	950,705
Fair value at issue date	$0.10	$0.09	$0.10
Exercise price	$0.00	$0.00	$0.00
Exercisable from	16 April 2020	18 May 2020	15 June 2020
Exercisable to	15 April 2025	15 April 2025	15 April 2025

	Plan 20
Grant date	16 July 2020
Number issued	597,021
Fair value at issue date	$0.07
Exercise price	$0.00
Exercisable from	16 July 2020
Exercisable to	15 April 2025

(v) KMP plans

	Plan 22	Plan 23
Grant date	4 November 2020	4 November 2020
Number issued	1,852,527	12,024,728
Share price at grant date	$0.12	$0.12
Volatility (average)	90%	90%
Fair value at issue date	$0.12	$0.12
Exercise price	$0.00	$0.00
Exercisable from	4 November 2020	30 June 2020
Exercisable to	15 April 2025	29 June 2024

Notes:
(1) Plan 22 relates to salary foregone by Directors in response to COVID-19 savings measures.
(2) Plan 23 relates to potential achievement of STI milestone awards for Directors as agreed by shareholders at 4th November 2020 AGM.

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:

- Piper Alderman lawyers were paid $24,981 for legal services rendered to the Group. There was $15,400 due for payment at the end of the reporting period. Greg English is a Partner at Piper Alderman & Director of LCK.
- The Company incurred consulting fees to the value of $134,167 with Mr Zheng Xiaojiang. There was $24,284 due for payment at the end of the reporting period. Mr Zheng Xiaojiang is a Director of Leigh Creek Energy.

11. Events after the reporting date

The Company conducted an Institutional Share Placement on the 5th of January 2021. The financing consists of the following phased payments of up to $18,000,000 to be made to LCK by the US-based institutional investor Energy Exploration Capital Partners, LLC (the Investor):

- The first placement: $6 million in the placement of ordinary shares (the Placement Shares) by way of a placement of $6,540,000 worth of Placement Shares to raise net proceeds of $6,000,000. This placement occurred with funds received by LCK in January 2021.
- The Investor has granted LCK a unilateral option to place an additional $6,540,000 worth of Placement Shares to the Investor to raise net proceeds of $6,000,000 (the Second Investment), and a unilateral option to place an additional $6,450,000 worth of Placement Shares to the Investor to raise net proceeds of $6,000,000 (the Third Investment).

Canaccord Genuity exercised 5,000,000 Options in January 2021 at $0.114, making payment to the Company of $570,000.

The Company issued 800,000 Unlisted Options with an exercise price of $0.23 under the ESOP in January 2021.

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 2020 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 3rd day of March 2021.

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Adelaide SA 5000

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Independent Auditor's Report

To the Members of Leigh Creek Energy Limited

Report on the review of 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 2020, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Leigh Creek Energy Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Leigh Creek Energy Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

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 2020 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*.

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 3 March 2021

CORPORATE DIRECTORY

Directors

Daniel J Peters
Executive Chairman

Phillip Staveley
Managing Director

Gregory 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
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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 Registrar
Computershare Registry Services Pty Ltd
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