

Leigh Creek Energy Limited

ACN 107 531 822

Notice of General Meeting

And

Explanatory Memorandum

Notice is hereby given that a General Meeting of Leigh Creek Energy Limited (**Company**) will be held at Level 11, 19 Grenfell Street Adelaide SA 5000 and via an online meeting platform at <https://meetnow.global/MKFVSLK>:

Date of Meeting: 24 February 2022

Time of Meeting: 9.30 am (Adelaide time)

DUE TO THE ONGOING COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

Shareholders are urged to vote by lodging the proxy form that has been separately sent to you.

The Company has made arrangements for the Meeting to be held virtually. Shareholders who wish to attend and participate in the virtual Meeting can do so via the online meeting platform. Further details of how to access the Meeting and participate are detailed in the Explanatory Memorandum.

Business:

Resolution 1– Ratification of issue of Commencement Fee Shares and Initial Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 19,085,714 Shares on the terms and conditions set out in the Explanatory Memorandum is ratified.”

Resolution 2 – Ratification of the grant of the First Investment Right to the Investor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the grant to the Investor (or its nominee) of the right to be issued Shares with the value of \$8,175,000 in relation to the First Investment, on the terms and conditions set out in the Explanatory Memorandum is ratified.”

Resolution 3 - Ratification of the agreement to grant the Second Investment Right to the Investor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the agreement to grant to the Investor (or its nominee) of the right to be issued Shares with the value of \$4,251,000 in relation to the Second Investment, on the terms and conditions set out in the Explanatory Memorandum is ratified.”

Resolution 4 - Approval of the grant of the Third Investment Right to the Investor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the grant to the Investor (or its nominee) the right to be issued Shares with the value of \$3,924,000 in relation to the Second Investment, on the terms and conditions set out in the Explanatory Memorandum is approved.”

Information for Members

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting and should be read in conjunction with this Notice. Members are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

2. Voting Exclusion Statements

The Company will disregard any votes cast in favour of Resolutions 1, 2 and 3 respectively by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or any of their respective associates.

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who is expected to participate in or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares) or any of their respective associates.

However, for each Resolution, the Company need not disregard a vote cast in favour if it is cast by or on behalf of:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote in that way; or
- (b) the person Chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair on the relevant proxy form to vote as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. “Snap-shot” Time

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that for the purposes of voting at the Meeting, Shares will be taken to be held by those who hold them as at 6.30 pm (Adelaide time) on 22 February 2022.

4. Proxies

All voting will be conducted by poll using proxy instructions received in advance of the Meeting and via the online polling during the Meeting.

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. If a Shareholder is entitled to cast two or more votes, the Shareholder may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. 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, 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 22 February 2022 (being 48 hours before the commencement of the Meeting).

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice of General Meeting.

5. 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, in which case 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 authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the Meeting.

By order of the Board



J E Mehrtens

Leigh Creek Energy Limited
21 January 2022

Explanatory Memorandum

This Memorandum has been prepared for the information of Shareholders of Leigh Creek Energy Limited (**Company**) in connection with the business to be conducted at a General Meeting of the Company to be held virtually at Level 11, 19 Grenfell St Adelaide SA 5000 and via an online platform at <https://meetnow.global/MKFVSLK> on **24 February 2022 at 9.30 am (Adelaide time)**.

1. Impact of COVID-19 on the Meeting

The health and safety of Shareholders, our personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. The Company intends to conduct a poll on the resolutions in the Notice of General Meeting using the proxies filed prior to the Meeting and for Shareholders to be able to attend and vote at the Meeting via the online platform at <https://meetnow.global/MKFVSLK>, where shareholders will be able to watch, listen and vote online. The virtual Meeting guide on how to attend the Meeting is available at www.computershare.com.au/virtualmeetingguide.

No attendance in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company is not allowing Shareholders to physically attend the Meeting. The Company has the discretion to make a case by case exception if it believes it is necessary, and the particular Shareholder contacts the Company at least 48 hours prior to the Meeting to discuss their situation.

Remote attendance via the online meeting platform

Securityholders must use the Computershare Meeting Platform to vote in the meeting.

To vote in the meeting, you can log in by entering the following URL <https://meetnow.global/MKFVSLK> on your computer, tablet or smartphone. Online registration will open 30 minutes before the meeting.

To make the registration process quicker, **please have your SRN/HIN and registered postcode or country code ready**. Proxyholders will need to contact the call centre before the meeting to obtain their login details.

To vote in the meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 one hour prior to the meetings to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

You can cast votes at the appropriate times while the meeting is in progress.

Technical difficulties

Technical difficulties may arise during the course of the AGM. The Chairman has discretion as to whether and how the Meeting should proceed in the event that technical difficulties arises. In exercising his discretion, the Chairman will have regard to the number of members impacted and the extent to which participation in the business of the AGM is affected.

Where the Chairman considers it appropriate, the Chairman may continue to hold the AGM and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason,

members are encouraged to lodge a proxy by 9.30 am (Adelaide time) on 22 February 2022 even if they plan to attend online.

Questions to be submitted in advance

Shareholders are asked to submit questions that relate to the items of business in the Notice of General Meeting in advance of the Meeting to the Company. Questions must be submitted by emailing jordan.mehrtens@lcke.com.au no later than 18 February 2022. The Chairman will attempt to respond to the questions during the Meeting.

2. Background to the Resolutions

(a) Agreement

As announced on 17 December 2021, the Company has entered into a share subscription agreement (**Agreement**) with existing shareholder Energy Exploration Capital Partners, LLC (the **Investor**), which may enable the Company to access up to \$20,000,000 of funding, on the terms and conditions set out in the Agreement and as described further below. References to Energy Exploration Capital Partners, LLC or the Investor in this Notice include Energy Exploration Capital Partners, LLC and any designee or nominee of Energy Exploration Capital Partners, LLC.

A summary of the material terms of the Agreement is set out below:

(i) Investments

The Investor made an initial investment of \$7,500,000 (**First Investment**) on 29 December 2021 (the **First Closing**). As consideration for the First Investment, at the First Closing, the Company granted the Investor the right (**First Investment Right**) to be issued Shares with the value of \$8,175,000 on the terms and conditions set out in the Agreement.

Subject to the conditions set out in the Agreement, the Investor has agreed to make an additional investment of \$3,900,000 (**Second Investment**) within 120 days of the First Investment (**Second Closing**). As consideration for the Second Investment, at the Second Closing, the Company will grant the Investor the right (**Second Investment Right**) to be issued Shares with the value of \$4,251,000 on the terms and conditions set out in the Agreement. The occurrence of the Second Investment is not subject to Shareholder approval.

Subject to Shareholder approval and the terms and conditions set out in the Agreement, a third investment of \$3,600,000 (**Third Investment**) will occur by 28 May 2022 (**Third Closing**). As consideration for the Third Investment, at the Third Closing, the Company will grant the Investor the right (**Third Investment Right**) to be issued Shares with the value of \$3,924,000 on the terms and conditions set out in the Agreement.

Each of the First Closing, the Second Closing and the Third Closing may be referred to herein as a **Closing**, each of the First Investment, the Second Investment and the Third Investment may be referred to herein as an **Investment** or collectively as the **Investments**, and each of the First Investment Right, the Second Investment Right and the Third Investment Right may be referred to herein as an **Investment Right** or collectively as the **Investment Rights**.

Additionally, the Company and the Investor may agree to place up to \$5,000,000 worth of Shares to the Investor to raise up to \$5,000,000 (**Optional Investment**) on the terms and conditions set out in the Agreement. No obligations arise in relation to an Optional Investment until mutual agreement is reached.

The First Investment Right constitutes an "Equity Security" under the ASX Listing Rules (as it constitutes the right to unissued Shares) and a "Convertible Security" under the ASX Listing Rules (as it is convertible to Shares in accordance with the terms of the Agreement). The First Investment Right was granted pursuant to the Company's placement capacity under Listing Rule 7.1

The Second Investment Right, upon grant at the Second Closing and payment of the Second Investment, will constitute an "Equity Security" under the ASX Listing Rules (as it will constitute the right to unissued Shares) and a "Convertible Security" under the ASX Listing Rules (as it will be convertible to Shares in accordance with the terms of the Agreement). The agreement to grant the Second Investment Right was made pursuant to the Company's placement capacity under Listing Rule 7.1.

Finally, the Third Investment Right, subject to approval of Resolution 4, and upon grant at the Third Closing and payment for the Third Investment, will constitute an "Equity Security" under the ASX Listing Rules (as it will constitute the right to unissued Shares) and a "Convertible Security" under the ASX Listing Rules (as it will be convertible to Shares in accordance with the terms of the Agreement). The Company has agreed that the Third Investment and the corresponding grant of the Third Investment Right are conditional on Shareholder approval being obtained in accordance with Exception 17 to ASX Listing Rule 7.2.

The funding contemplated by each Investment is subject to conditions precedent customary for investment agreements of the nature of the Agreement (including the obtaining of all required consents and approvals, the existence of no event of default or potential event of default under the Agreement, and the Company not incurring certain indebtedness (other than project indebtedness to finance all or substantially all of the Leigh Creek Energy Project and other types of indebtedness)).

In order for the Company to receive the Third Investment, Resolution 4 must be approved for the purposes of Listing Rule 7.1. In order for the Company and the Investor to agree to the Optional Investment, the Company must have sufficient placement capacity under Listing Rule 7.1 on the date that the agreement is made.

The amount of the Second Investment will not exceed 3.64% of the Company's market capitalisation on one of the ASX trading days immediately before the Second Closing Date, without the Investor's consent. The amount of the Third Investment will not exceed 3.36% of the Company's market capitalisation on one or more of the ASX trading days immediately before the Third Closing Date, without the Investor's consent.

The Investor will not be obligated to provide the Second Investment or the Third Investment if the market price of the Company's shares is below \$0.085 and does not recover to above that level within two months after the Investor providing the Company with notice thereof. In addition, each of the Company and the Investor has the right to postpone the dates by which the Second Investment and the Third Investment must occur by two months.

(ii) Settlements of Shares

- a. The Investor may elect, from time to time, at any time, one or multiple times, in its sole discretion, to exercise its right to be issued Shares in relation to any part, or all, of any Investment Right that remains outstanding by notice to the Company (each, a **Settlement Notice**) any time before twenty-four months after the Closing of that Investment Right (an **End Date**).
- b. If an Investment Right remains outstanding on its End Date, in whole or in part, the Investor will be required to deliver a Settlement Notice to the Company in relation to that outstanding Investment Right on the first ASX trading day following the End Date.
- c. Set out below is the actual End Date for the First Investment Right and indicative End Dates for the Second Investment Right and Third Investment Right:
 - i. the End Date for the First Investment Right is 29 December 2023;

- ii. assuming the Second Investment is made on the last date the Second Closing could occur, the End Date for the Second Investment Right will be 28 April 2024; and
- iii. assuming the Second Investment is made on the last date the Second Closing could occur, the End Date for the Third Investment Right will be 28 May 2024.

The Company notes that the End Dates above are illustrative only and the actual End Date may vary depending on the dates on which investments are made under the Agreement.

- d. Following receipt of the Settlement Notice, the Company must effect the Settlement by issuing to the Investor the relevant number of Shares.
- e. The number of Shares to be issued to the Investor in relation to the Investment Rights (the **Placement Shares**) is determined by dividing the amount of the Investment Right (or part thereof) specified by the Investor in a Settlement Notice by the price per share (**Purchase Price**), being the amount that is equal to:
 - 1. 90%; multiplied by
 - 2. the average of five daily VWAPs per Share (as selected by the Investor in its sole discretion) during the 20 consecutive trading days immediately prior to the relevant Settlement Notice, rounded down to four decimal places.
- f. If the Investor delivers a Settlement Notice to the Company specifying a Purchase Price that is less than \$0.08 per Share (the **Floor Price**) the Company may elect to make a cash payment in respect of all (and not some only) of the amount of the Investment Right specified in that Settlement Notice (in lieu of issuing Placement Shares in respect of that amount). If the Company makes this election, the Investor may elect, to require the Company to issue the relevant Placement Shares at the Floor Price.
- g. After the Investor has delivered a Settlement Notice to the Company, the Company may elect to make a cash payment to the Investor based on the prevailing Share price.

(iii) Initial Placement Shares

- a. In consideration of the Investor's agreement to undertake the First Investment, the Company issued to the Investor 14,800,000 Shares (**Initial Placement Shares**) on 21 December 2021.
- b. At any time, the Investor may elect to apply some or all of the Initial Placement Shares towards the aggregate number of Shares which are required to be issued by the Company in respect of an Investment Right.
- c. The number of Initial Placement Shares issued to the Investor is referred to as the Initial Shareholding Number. If the Investor makes the election referred to in paragraph (b) above, the Initial Shareholding Number will be reduced by the number of Shares which are applied towards the Shares the Company would otherwise have been required to issue in relation to the exercise of the Investor's right to be issued Shares in relation the Investment Rights.
- d. If the Initial Shareholding Number is greater than zero on the date that is the later of the date on which the Agreement is terminated and the date that all the settlements that could have occurred under the Agreement have occurred (**Final Date**), the Investor must, by no later than 5 business days after the Final Date, make a further payment to the Company equal to the Initial Shareholding Number, multiplied by 90% of the average five daily VWAPs per Share (as selected by the Investor in its sole discretion) during the period (i) commencing on the date that is twenty actual trading days prior to the date of such payment; and (ii) ending on the date that is immediately prior to the date of such payment, rounded down to the next one tenth of a cent, or if the share price exceeds twenty cents, the next half a cent.

In certain circumstances, for example the suspension of the Shares for an agreed number of days or the delisting of the Shares, the Investor's obligation, in full and final settlement of its liabilities in relation to the Initial Placement Shares, will be payment of an amount equal to 90% of the fair market value of the number of Shares that is equal to the Initial Shareholding Number on the payment date, as determined by agreement between the parties or, failing agreement, by an independent valuer.

(iv) Fees

- a. In consideration of the Investor's agreement to undertake the First Investment, the Company paid the Investor a commencement fee of \$600,000 by the issuance of 4,285,714 Shares (**Commencement Fee Shares**) on 21 December 2021.

(v) Events of Default

The Agreement contains customary events of default, which include, but are not limited to:

- a. A material breach of the Agreement by the Company;
- b. The Company's Shares being suspended from trading on ASX for more than an agreed number of days; and
- c. The occurrence of a material adverse event in respect of the Company.

(vi) Termination following an Event of Default

On termination following an event of default, the Investor:

- a. Is not required to make any further funding available under the Agreement; and
- b. To the extent that the Company has not yet issued Shares in relation to any part of the Investment Rights, the Investor has the right to require the Company to repay the amount of such Investment Rights that is outstanding with a default interest rate to apply.

(vii) Termination of Prior Subscription Agreement

Under the terms of the Agreement, the Subscription Agreement between the Company and the Investor dated 5 January 2021 was terminated and the parties will have no further rights, liabilities or obligations under it, other than in relation to the provisions that survive termination.

The Agreement otherwise contains terms customary for an agreement of this nature. The terms set out above are a summary of the material terms and are not the full terms of the Agreement.

(b) Use of funds

In accordance with the Agreement, the Company must use the funds received from the Investor for general corporate and working capital purposes that are reasonable in light of the nature of the Company's business at the time of use.

The Company intends to use the funds to progress the development of the Company's flagship Leigh Creek Urea Project (LCUP) through the next phases of the commercial pathway, including commercial Operations on Petroleum Production Licence (PPL) 269. The Company also intends to use the funds received to progress activities for Leigh Creek Oil & Gas operations, undertake business development activities, along with general corporate activities and for general working capital.

(c) Dilution

The Company's Shares closed at a price of \$0.165 on 7 January 2022. Set out below is a worked example of the number of Placement Shares that may be issued to the Investor in relation to the First Investment Right, Second Investment Right, Third Investment Right, and the Optional Investment assuming a range of Purchase Prices and that the Investor elects to exercise in full the First Investment Right (being a right to be issued Shares with the value of \$8,175,000), the Second Investment Right (being a right to be issued Shares with the value of \$4,251,000), and the Third Investment Right (being the right to be issued Shares with the value of \$3,924,000), as applicable, and that both the Investor and the Company elect to take up the Optional Investment (Shares with a value of \$5,000,000).

Purchase Price	Maximum Number of Shares for First Investment Right	Maximum Number of Shares for the Second Investment Right	Maximum Number of Shares for the Third Investment Right	Maximum Number of Shares for the Optional Investment
\$0.21	58,014,286	20,242,857	18,685,714	23,809,523
\$0.19	62,112,030	22,373,684	20,652,632	26,315,789
\$0.17	67,173,950	25,005,882	23,082,353	29,411,764
\$0.15	73,585,715	28,340,000	26,160,000	33,333,333
\$0.13	81,970,330	32,700,000	30,184,615	38,461,538

The "Maximum Number of Shares for First Investment Right" column in the table above includes Shares issued in relation to the Initial Placement Shares and the Commencement Fee Shares.

(d) Summary of the Resolutions

- (i) Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Initial Placement Shares and Commencement Fee Shares.
- (ii) Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the grant of the First Investment Right to the Investor.
- (iii) Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the agreement to grant the Second Investment Right to the Investor.
- (iv) Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant the Third Investment Right to the Investor.

3. Resolution 1 – Ratification of issue of the Commencement Fee Shares and the Initial Placement Shares

(a) General

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Commencement Fee Shares and the Initial Placement Shares. The Commencement Fee Shares and Initial Placement Shares are collectively referred to as the **Prior Issue Securities**. The issue of the Prior Issue Securities did not breach Listing Rule 7.1.

Generally speaking and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained approval under Listing Rule 7.1A at the annual general meeting held on 4 November 2021.

The issue of the Prior Issue Securities does not fit within any of the exceptions to Listing Rule 7.1 and 7.1A and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Prior Issue Securities.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do so, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Prior Issue Securities.

(b) Information required by Listing Rule 14.1A

If Resolution 1 is passed, the Prior Issue Securities will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Prior Issue Securities.

If Resolution 1 is not passed, the Prior Issue Securities will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Prior Issue Securities.

(c) Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (i) the Prior Issue Securities were issued to the Investor, who is not a related party of the Company;
- (ii) the Prior Issue Securities are comprised of 4,285,714 Commencement Fee Shares and 14,800,000 Initial Placement Shares, each of which is a fully paid ordinary share in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iii) the Prior Issue Securities were issued on or about 21 December 2021;
- (iv) the issue prices of the Prior Issue Securities are as follows:
 - a. the Commencement Fee Shares were issued at a deemed issue price of \$0.14 per Share. The Company has not and will not receive any other consideration for the issue of the Commencement Fee Shares; and
 - b. the Initial Placement Shares were issued in consideration of the Investor's agreement to undertake the First Investment (and thus for no cash consideration). As set out in Section 2(a), in accordance with the terms of the Agreement, the Investor may elect to apply some or all of the Initial Placement Shares towards the aggregate number of Shares which are required to be issued by the Company in respect of the exercise of the Investor's right to be issued Shares in relation to the Investment Rights or, alternatively, make the payment to the Company in respect of the Initial Placement Shares calculated as set out in Section 2(a);
- (v) the purpose of the issue of:
 - a. the Commencement Fee Shares was to satisfy the Company's obligations under the Agreement in respect of the payment of a fee of \$600,000 to the Investor; and

- b. the Initial Placement Shares was to satisfy the Company's obligations under the Agreement;
- (vi) the Prior Issue Securities were issued under the Agreement. A summary of the material terms of the Agreement is set out in Section 2(a); and
- (vii) a voting exclusion statement is included in the Notice.

4. Resolutions 2 and 3 – Ratification of the grant of the First Investment Right and the agreement to grant the Second Investment Right under the Agreement

(a) General

Resolutions 2 and 3 seek Shareholder ratification pursuant to Listing Rule 7.4 for the grant of the First Investment Right and the agreement to grant the Second Investment Right to the Investor under the Agreement, respectively. As set out in Section 2(a)(i), the First Investment Right and Second Investment Right, upon grant, each constitutes an 'equity security' and a 'convertible security' under the Listing Rules. The grant of the First Investment Right and the agreement to grant the Second Investment Right did not breach Listing Rule 7.1.

A summary of Listing Rules 7.1, 7.1A and 7.4 is set out in Section 3(a).

The grant of the First Investment Right and the agreement Second Investment Right do not fit within any exceptions to Listing Rule 7.1 or 7.1A and, as they have not yet been approved or ratified by Shareholders, they effectively use up part of the Company's placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date on which the Agreement was entered into.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the grant of the First Investment Right and agreement to grant the Second Investment Right under the Agreement.

Subject to the terms and conditions set out in the Agreement, the Second Investment will be made by no later than 28 April 2022. In any event, the Second Investment must be made no later than 3 months after the date of the Meeting in order for the Second Investment Right to be granted in reliance on this Resolution (if it is passed). It is noted that there is no guarantee that the Second Investment Right will be granted within that 3 month period, but any approval obtained under Listing Rule 7.1 will only be valid for that 3 month period. The occurrence of the Second Investment and the corresponding grant of the Second Investment Right are not subject to Shareholder approval.

(b) Information required by Listing Rule 14.1A

If Resolutions 2 and 3 are passed the grant of the First Investment Right and agreement to grant the Second Investment Right (as applicable), and hence the number of Shares issued or agreed to be issued in relation to the First Investment Right and the Second Investment Right (as applicable), will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the dates on which the First Investment Right and the agreement to grant the Second Investment Right were granted or arose (as applicable).

If Resolution 2 or 3 is not passed, the grant of the First Investment Right or the agreement to grant the Second Investment Right (as applicable) and hence the number of Shares issued or agreed to be issued in relation to the First Investment Right or the Second Investment Right (as applicable), will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date on which the First Investment Right or the agreement to grant the Second Investment Right was granted or arose (as applicable).

(c) Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 2 and 3:

- (i) the First Investment Right and Second Investment Right have been or will be granted to the Investor, who is not a related party of the Company;
- (ii) the First Investment Right was granted on 29 December 2021, on the terms summarised in Section 2(a);
- (iii) the binding agreement to grant the Second Investment Right to the Investor was made when the Agreement was entered into on 16 December 2021, and the Second Investment Right will be granted to the Investor at the Second Closing when the Second Investment is received by the Company, on the terms summarised in Section 2(a).
- (iv) subject to the terms and conditions set out in the Agreement, the Second Investment will be made by no later than 28 April 2022. In any event, the Second Investment must be made no later than 3 months after the date of the Meeting in order for the Second Investment Right to be granted in reliance on this Resolution (if it is passed);
- (v) the Investor must exercise the First Investment Right and Second Investment Right (if the Second Investment Right is granted to the Investor) (at one or more times, from time to time) by the End Date for the First Investment Right or Second Investment Right (as applicable), as set out in Section 2(a), by providing the Company with a Settlement Notice. Placement Shares must be issued on the date set out in the Settlement Notice, which date must be at least two trading days after the date of receipt of the Settlement Notice (unless the Company is allowed and elects, under and in accordance with the Agreement to pay the Investor an amount calculated in accordance with the Agreement in lieu of issuing Placement Shares). As noted in Section 2(a), the Investor must exercise the First Investment Right or Second Investment Right (as applicable) on or before the first ASX trading day following the applicable End Date. This is subject to the terms and conditions in Section 2(a);
- (vi) following the exercise of the First Investment Right, the Company must issue to the Investor Placement Shares with the value of \$8,175,000 (in the aggregate together with all prior exercises in relation to the First Investment Right) calculated in accordance with the formula set out in Section 2(a). Following exercise of the Second Investment Right, the Company must issue to the Investor Placement Shares with the value of \$4,251,000 (in the aggregate together with all prior exercises in relation to the Second Investment Right) calculated in accordance with the formula set out in Section 2(a). The following table shows the number of Placement Shares which would be issued based on the assumed Purchase Prices set forth below, assuming Placement Shares are issued in relation to the First Investment Right and the Second Investment Right in their entirety.

Assumed Purchase Price	Number of Placement Shares issued on exercise of the First Investment Right in its entirety	Number of Placement Shares issued on exercise of the Second Investment Right in its entirety
\$0.21	38,928,571	20,242,857
\$0.19	43,026,316	22,373,684
\$0.17	48,088,235	25,005,882
\$0.15	54,500,000	28,340,000
\$0.13	62,884,615	32,700,000

The Company notes that the figures set forth in the table above are illustrative only and the actual number of Placement Shares issued on exercise of the First Investment Right or Second Investment Right will vary depending on the actual Purchase Price used in relation to such issues. Any

Placement Shares issued to the Investor in respect of the First Investment Right and Second Investment Right will fall within Listing Rule 7.2 exception 9 and/or 16 and will therefore be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1;

- (vii) the First Investment Right was granted in consideration of the First Investment, being the \$7,500,000 payment by the Investor in accordance with the terms described in Section 2(a). The Company has not and will not receive any other consideration for the First Investment Right;
- (viii) the Second Investment Right will be granted in consideration of the Second Investment, being the \$3,900,000 payment by the Investor in accordance with the terms described in Section 2(a). The Company has not and will not receive any other consideration for the Second Investment Right;
- (ix) the purpose of the grant of the First Investment Right is to provide a facility to raise \$7,500,000 and the purpose of the Second Investment Right is to provide a facility to raise \$3,900,000, both of which the Company intends to apply as follows:
 - a. To progress the development of the Company's flagship Leigh Creek Urea Project (LCUP) through the next phases of the commercial pathway, including commercial Operations on Petroleum Production Licence (PPL) 269;
 - b. To progress activities for Leigh Creek Oil & Gas Operations; and
 - c. To undertake business development activities, along with general corporate activities and for general working capital.
- (x) the grant of the First Investment Right and the agreement to grant the Second Investment Right are provided for under the Agreement. A summary of the material terms of the Agreement is set out in Section 2(a); and
- (xi) a voting exclusion statement is included in the Notice.

5. Resolution 4 – Approval of the grant of the Third Investment Right under the Agreement

(a) General

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of the Third Investment Right. As set out in Section 2(a)(i), the Third Investment Right, upon grant at the Third Closing, will constitute both an 'equity security' and a 'convertible security' under the Listing Rules.

A summary of Listing Rules 7.1 and 7.1A is set out in Section 3(a).

The Company has agreed that the Third Investment and the corresponding grant of the Third Investment Right are conditional on Shareholder approval being obtained in accordance with Exception 17 to ASX Listing Rule 7.2. The Third Investment Right therefore requires the approval of Shareholders under Listing Rule 7.1.

Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 to permit the Third Investment to be made (and the corresponding Third Investment Right to be granted) within 3 months of the date of the Meeting. It is noted that there is no guarantee that the Third Investment Right will be granted within that 3 month period, but any approval obtained under Listing Rule 7.1 will only be valid for that 3 month period.

As set out in Section 2(a), if the Third Subscription is made, under the Agreement the Company will grant the Investor the Third Investment Right, and, once granted to the Investor, the Third Investment Right may be exercised at the election of the Investor as set out in Section 2(a).

(b) Information required by Listing Rule 14.1A

If Resolution 4 is passed, and if, during the three months after the date of the Meeting, the Third Investment is made, then the grant of the Third Investment Right to the Investor will be excluded from the calculation of the

number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. Similarly, in those circumstances, any Shares issued on exercise of the Third Investment Right will fall within Listing Rule 7.2 exception 9 and/or 16 and will therefore be excluded from the calculation of number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed the Company will not be able to proceed with the grant the Third Investment Right and accordingly, the Company will not be able to receive the \$3,600,000 of funding under the Third Investment.

(c) Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (i) the Third Investment Right will be granted to the Investor who is not a related party of the Company;
- (ii) the Third Investment Right will be granted following approval of Resolution 4 and the payment of the Third Investment on the terms summarised in Section 2(a);
- (iii) in accordance with the terms of the Agreement, the Third Investment will be made by no later than 28 May 2022. In any event, the Third Investment must be made no later than 3 months after the date of the Meeting in order for the Third Investment Right to be granted in reliance on this Resolution (if it is passed);
- (iv) if the Third Investment is made and consequently the Third Investment Right is granted (which will constitute the issue of a 'convertible security' within the meaning in the Listing Rules), the Investor will have the right to be issued Placement Shares (at one or more times, from time to time) in relation to the Third Investment Right by the End Date of the Third Investment Right, as set out in Section 2(a), by providing the Company with a Settlement Notice (unless the Company is allowed and elects, under and in accordance with the Agreement to pay the Investor an amount calculated in accordance with the Agreement in lieu of issuing Placement Shares). Placement Shares must be issued on the date set out in the Settlement Notice, which date must be at least two trading days after the date of receipt of the Settlement Notice. As noted in Section 2(a), the Investor must exercise the Third Investment Right in its entirety on or before the first ASX trading day following the applicable End Date. This is subject to the terms and conditions set out in Section 2(a);
- (v) if the Third Investment Right is granted (which will constitute the issue of a 'convertible security' within the meaning in the Listing Rules), the Company must issue to the Investor Placement Shares with the value of \$3,924,000 in the aggregate, calculated in accordance with the formula set out in Section 2(a) (subject to the terms and conditions set out in Section 2(a)). The following table shows the number of Placement Shares which would be issued based on the assumed Purchase Prices set forth below, assuming Placement Shares are issued in relation to the Third Investment Right in its entirety.

Assumed Purchase Price	Number of Placement Shares issued on exercise of Third Investment Right in its entirety
\$0.21	18,685,714
\$0.19	20,652,632
\$0.17	23,082,353
\$0.15	26,160,000
\$0.13	30,184,615

The Company notes that the figures set forth in the table above are illustrative only and the actual number of Placement Shares (at one or more times, from time to time) issued on exercise of the right to be issued Placement Shares in respect of the Second Investment Right will vary depending on the actual Purchase Price used in relation to such issues. Any Placement Shares issued to the Investor in respect of the Third Investment Right will fall within Listing Rule 7.2 exception 9 and/or

16 and will therefore be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1;

- (vi) The grant of the Third Investment Right will be made in consideration of the Third Investment, being the \$3,600,000 payment by the Investor in accordance with terms described in Section 2(a). The Company has not and will not receive any other consideration;
- (vii) The purpose of the grant of the Third Investment Right, if Resolution 4 is passed, is to raise \$3,600,000, which if called upon, the Company intends to apply as follows:
 - a. To progress the development of the Company's flagship Leigh Creek Urea Project (LCUP) through the next phases of the commercial pathway, including commercial Operations on Petroleum Production Licence (PPL) 269;
 - b. To progress activities for Leigh Creek Oil & Gas Operations; and
 - c. To undertake business development activities, along with general corporate activities and for general working capital.
- (viii) The grant of the Third Investment Right will be made under the Agreement. A summary of the material terms of the Agreement is set out in Section 2(a);
- (ix) The Placement Shares issuable upon exercise of the Third Investment Right will not be issued under or to fund a reverse takeover; and
- (x) A voting exclusion statement is included in the Notice.

GLOSSARY

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

"Agreement" means the placement agreement between the Company and the Investor announced on 5 January 2021.

"ASX" means ASX Limited ACN 008 624 691.

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

"Chair" or **"Chairman"** means the chairman of the Company who will chair the Meeting.

"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.

"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.

"Execution Date" means 16 December 2021.

"Explanatory Memorandum" means this explanatory memorandum.

"Commencement Fee Shares" means the 4,285,714 fee shares issued on 21 December 2021 in accordance with the Agreement.

"Initial Placement Shares" means the 14,800,000 initial placement shares issued on 21 December 2021 in accordance with the Agreement.

"Investor" means Energy Exploration Capital Partners, LLC.

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

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

"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.

"VWAP" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code LCK.

Need assistance?



Phone:

1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30am (ACDT) on Tuesday, 22 February 2022.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 186511

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **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 Limited 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 General Meeting of Leigh Creek Energy Limited to be held as a virtual meeting on Thursday, 24 February 2022 at 9:30am (ACDT) and at any adjournment or postponement of that meeting.

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.

		For	Against	Abstain
Resolution 1	Ratification of issue of Commencement Fee Shares and Initial Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of the grant of the First Investment Right to the Investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of the agreement to grant the Second Investment Right to the Investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the grant of the Third Investment Right to the Investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically