

31 May 2021, ASX ANNOUNCEMENT (ASX:LCK)



## Urea Manufacturing Facility Agreement Extension

Leigh Creek Energy (LCK or the Company) and leading South Korean engineering and construction company, DL E&C Co Limited have agreed to extend the period for exclusive negotiation and agreement of a Feasibility Study, FEED, and EPCC contract (Agreement) to 30 June 2021

### Highlights

- The Heads of Agreement between LCK and DL E&C Co Limited announced on 4 May 2021, granted an exclusive right to negotiate the terms and conditions of a proposed Agreement by 31 May 2021. Both parties, by mutual agreement, have approved the extension of the exclusivity period to 30 June 2021
- Completion of the agreement has been unavoidably delayed due mainly to the impact of COVID-related travel restrictions between Korea and Australia on such a comprehensive agreement
- Negotiations are progressing well, and both parties remain committed to finalising and executing the Agreement as quickly as possible
- The Scope of the Agreement remains unchanged and incorporates provision of the Feasibility Study, Front End Engineering and Design (FEED, gated by FID), the Engineering Procurement Construction and Commissioning (EPCC) on a turnkey lump sum basis and will continue to arrange required finance from mainly Korean financial institutions.

### LCK Managing Director Phil Staveley commented on the extension:

*“Whilst the time frame for the progression of the HoA has been extended, due to the impact of COVID-related international travel restrictions on such a comprehensive agreement, both LCK and the DL E&C team in South Korea remain committed to delivering a robust agreement for turnkey construction of a first class urea production facility.”*

The Board of Leigh Creek Energy Limited authorised this announcement to be given to the ASX.

### Further information:

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## About Leigh Creek Energy

The Leigh Creek Energy Project (LCEP) is Leigh Creek Energy's (ASX:LCK) flagship project, developing low-cost nitrogen-based fertiliser for local and export agriculture markets. Located in South Australia, 550 kilometres north of Adelaide, the LCEP will initially produce 1Mtpa of urea using LCK's 1,153PJ 2P gas reserves.

The \$2.6 billion LCEP will be one of the biggest infrastructure projects of its type in Australia, providing long term economic development and employment opportunities for the communities of the Upper Spencer Gulf region, northern Flinders Ranges and South Australia.

The LCEP will be the only fully integrated urea production facility in Australia, with all inputs for low carbon urea production on-site. Average nominal operating cost will be \$109/tonne - within the lowest cost quartile of the global urea production cost curve. Pre-tax leveraged Net Present Value (NPV) is A\$3.4 billion, with an Internal Rate of Return (IRR) of 30%.

LCK has a comprehensive environment, social and governance strategy. It has produced syngas within all approved environmental parameters set by the regulator and will be carbon neutral by 2030.

For information on the ISG process [CLICK](#)

### Resource Compliance Statement

The information in this announcement that relates to the 2P Syngas Reserve was detailed in an announcement lodged with ASX on 27 March 2019 and is available to view at [www.lcke.com.au](http://www.lcke.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. All estimates are based on the deterministic method for estimation of petroleum resources.