

3 February 2022, ASX ANNOUNCEMENT (ASX:LCK)



Carbon Neutral Status Achieved

Highlights

- Leigh Creek Urea Project becomes the first large-scale fertiliser project in the world to achieve Carbon Neutral status
- Year 1 emissions offset from accredited international carbon farming projects
- Climate Active accreditation submitted
- Works commenced on year 2 emission reduction programs

LCK Managing Director Phil Staveley commented on the importance of Carbon Neutral achievement:

“Through our active participation in carbon offset projects, the Leigh Creek Urea Project has achieved carbon neutrality for FY22 - the first large scale fertiliser project in the world to achieve this. Our commitment to reaching carbon neutrality eight years earlier than originally planned not only aligns with the United Nations Global Compact principles, the world’s largest corporate sustainability initiative, but also promotes our values and purpose as an organisation.

The team, in conjunction with Energy Link, has done an outstanding job to identify and acquire carbon offsets through accredited international carbon farming projects that align with our core values, the choices of which the team and Board are extremely proud.

Our carbon neutral status leads the urea industry, provides a strong alignment with our ESG principles, adds long-term value for our shareholders and is a significant drawcard for potential partners throughout the life of the project.”



Voluntarily and Transparently Carbon Neutral – Goal Achieved

LCK previously declared its intention to achieve carbon neutral status with a target of being carbon neutral by 2030. We later updated that target of being carbon neutral by 2022. We have once again shortened the timeframe for achieving carbon neutrality – to FY2022. That means we expect to be accredited as being carbon neutral from July 2021.

Our results will be open to government accreditation and subsequently to audit. The audit will be a publicly available document under the Task Force on Climate Related Financial Disclosure (TCFD).

Description of Certification

Using baseline data from 2021 actuals, a forecast for carbon emissions has been made to cover FY 2022. The emissions reported for FY2022, represent the first year of certification. LCK has submitted an application with Climate Active, an ongoing partnership between the Australian Government and Australian businesses, to drive voluntary climate action to secure formal accreditation of these results.

Emissions Reduction Strategy

LCK committed to reducing its carbon footprint and becoming the first large scale fertiliser project in the world to be carbon neutral.

To achieve this on an ongoing basis, LCK will utilise an integrated portfolio of innovative technology solutions from ISG syngas production, ammonia and urea synthesis, on-site gas-fired power generation and renewable electricity generation, and on-site carbon capture and storage.

As LCK expands over the coming years, the decarbonisation pathway has been defined by LCK, with the key components including:

- CO₂ consumption through urea synthesis and production
- Renewable/hybrid electricity to reduce emissions from syngas fired electricity generation
- Carbon Capture and Storage (CCS)
- Low carbon density in finished product distribution
- Develop an ongoing participation program in Carbon Farming and other offset projects both locally and internationally

Once fully operational, the site at Leigh Creek is expected to operate with carbon neutral emissions by implementing these decarbonisation pathway elements. Planning and engineering for this ongoing carbon neutral outcome is underway and will be incorporated in this year's FID.

Carbon Projects -The Need for Offsets

Some carbon will not be directly generated by LCK but will be a function of the production of urea e.g. carbon generated in transport, offices and office equipment and tools of trade. Our carbon sequestration plans, which have been proven in the feasibility study, can not be implemented at this early stage of development. As these carbon impacts cannot be covered by our carbon neutral production at LCK they must be matched by carbon credits from offsets or carbon farming programs. The offset programmes that we have entered into to attain our carbon neutral status are:

- Geothermal electricity generation - Sigma Global Company Pty Limited
- Java REDD+ Project for Caribbean Guatemala: The Conservation Coast
- Ripple Africa Malawi

Project definition and certificates can be found at www.lcke.com.au/news

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

Further information:

Investors

Tony Lawry

T: +61 412 467 160 | E: tony.lawry@lcke.com.au

Media

Tristan Everett

T: +61 403 789 096 | E: tristan.everett@marketeye.com.au

About the Leigh Creek Urea Project

The Leigh Creek Urea Project (LCUP) 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 LCUP will initially produce 1Mtpa (with potential to increase to 2Mtpa) of urea.

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 from 2022**.

The LCUP 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 LCUP will be the only fully integrated urea production facility in Australia, with all inputs for low carbon urea production on-site.

The LCUP will be developed in 2 commercial stages:

Stage 1 consists of:

1. Construction of gasification wells to provide energy (syngas) for the project; and
2. 5 MW gas fired power generation.

Stage 2 consists of:

1. Expansion of gasification fields;
2. 100MW gas fired power generation;
3. Ammonia facility;
4. Urea facility; and
5. Logistics, loading and transport.