

3 March 2022, ASX ANNOUNCEMENT (ASX:LCK)



1H22 Financial Results

Leigh Creek Energy Limited (“LCK” or “the Company”) provides this update on the Company’s financial and operational performance for the six months to 31 December 2021 (1H22).

Operational Highlights

- LCK’s EPCC contractor, Daelim, continues to progress Front-End Engineering and Design (FEED) for Stage 2 of the project
- Urea offtake Heads of Agreement signed with Daelim
- LCUP carbon capture and storage potential feasibility study completed
- Carbon neutrality achieved
- Approval under Section 23 of the *Aboriginal Heritage Act 1988*

Financial Highlights

- Net cash outflow of \$14.5m as the Company continues to progress the Leigh Creek Urea Project (LCUP)
- Cash and cash equivalents of \$8.3m at 31 December 2021
- Net loss for the period of \$8.1m

LCK Managing Director Phil Staveley commented on the December 2021 quarter’s activities:

“The first half of the 2022 financial year was a key period that set the company up for sustained growth over the next several years through the Leigh Creek Urea Project (LCUP) – Australia’s first fully integrated urea production facility and one of the nation’s biggest projects of its type. Having secured the first of our offtake HOA’s for a minimum of 500,000 metric tonnes of granular urea per year for at least five years, we are in strong position to continue to execute on key milestones towards developing Stage 1 and 2 of the project.”

“Underpinning this is the recent announcement that LCK is carbon neutral from 2021/22 – eight years earlier than previously planned and the first large scale fertiliser project in the world to achieve this. This enables the LCUP to lead the industry in ESG and will be a significant drawcard for potential partners throughout the life of the project.”

“To further reinforce our competitive advantages as ESG issues increasingly govern supply chains, LCK registered LCUP’s Carbon Capture and Storage activities under the Federal Government’s Emissions Reduction Fund to generate Australian Carbon Credit Units. Doing so will allow LCK units to be sold on the secondary market as an additional revenue stream.”

“The Company, along with our world class partners, will continue to progress the LCUP towards a final investment decision later this year and first urea production in 2025. I look forward to updating the market on our progress.”

About the Leigh Creek Urea Project

The Leigh Creek Urea Project (LCUP) is Leigh Creek Energy’s (ASX:LCK) flagship project, developing low-cost high-quality nitrogen-based fertiliser for local and export agriculture markets using its proprietary Syngas technology. 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. LCK is a signatory to the United Nations Global Compact and is proud to have brought forward its carbon neutral status to 2022. LCK has achieved this in the pre-production period by purchasing offsets from accredited international carbon farming projects. In the longer term the project will inherently be carbon neutral as most of the CO₂ it produces will be used in the production of urea and any excess will be sequestered.

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.

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

Further information:

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