



## Final Investment Decision for Stage 1

The Board of Directors of Leigh Creek Energy Limited (“LCK” or “the Company”) today made the Final Investment Decision (FID) for Stage 1 of the Leigh Creek Energy Project (LCEP).

### Highlights

- Operational activities to commence with ordering of long lead items
- Subsurface and facilities engineering commenced
- Initial commercial development to be funded from existing cash and facility

### LCK Managing Director Phil Staveley commented on the Stage 1 FID:

*“Today’s FID milestone gives us approval to construct everything we need in Stage 1 of our commercial development plan of the LCEP and start earning revenue.*

*Over the past year, our team has been busily working towards achieving Stage 1 FID. Having completed the project pre-feasibility study and been awarded a petroleum production licence by the South Australian Government for the commercial production, this FID approval demonstrates the Board’s confidence in the economic and commercial viability of the project.*

*The Company will now move ahead and build on the EPCM contracts and commencement works announced earlier in February with full-scale Stage 1 procurement, construction and commercialisation activities.”*

### Operational Activities Commenced

With Stage 1 FID approval, LCK can commence placing orders with suppliers for long lead items and specialty process equipment items.

Prudentia Process Consulting Pty Ltd and the LCK engineering team are working diligently and the first deliverables are expected ahead of schedule.

## Stage 1 Commercial Development

Stage 1 commercial development of the LCEP will comprise drilling up to five new syngas wells and installing a power plant capable of generating up to 5MW. Stage 1 will consolidate LCK's proprietary gasification technology, capability and intellectual property.

Approvals for Stages 1 and 2 of the LCEP's commercial development are per the table below.

### Stage 1 Commercial Development

|  |           |        |         |          |             |                        |   |
|--|-----------|--------|---------|----------|-------------|------------------------|---|
| Expand gas production + commence earning revenue | PFS       | PPL    | EPCM    | FID      | EIR & SEO   | Field Development Plan | • Gasification wells<br>• Up to 5MW small scale power plant |
|  | Completed | Issued | Awarded | Achieved | In Progress | In Progress            |   |

### Stage 2 Commercial Development

|   |           |             |             |                   |         |         |  |
|---|-----------|-------------|-------------|-------------------|---------|---------|--|
| Final large scale gas + urea production | PFS       | EIS         | EPC         | Feasibility Study | FEED    | FID     | • Large scale gasification well drilling campaign<br>• Large scale power plant<br>• Construct urea plant |
|   | Completed | In Progress | In Progress | Planned           | Planned | Planned |  |

## Funding and Revenue

Initial costs for the Stage 1 commercial development will be funded using the Company's existing cash balance and finance facility.

## Timing

Negotiation of purchase agreements, seismic work, planning, drilling and power plant installation are currently scheduled for the remainder of calendar year 2021. Updates on the progress of Stage 1 will be given throughout the year with a view to estimating a completion date once planning is further progressed.

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

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

### Further information:

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## About the Leigh Creek Energy Project

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, 550km north of Adelaide, the LCEP will initially produce 1Mtpa (with potential to increase to 2Mtpa) 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% (refer LCK ASX announcement [here](#)).

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.

[www.lcke.com.au](http://www.lcke.com.au)

### 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.