

1 July 2021: ASX ANNOUNCEMENT (ASX:LCK)



Commercial Urea Production Contract Awarded

Leigh Creek Energy Limited (“LCK” or “the Company”) has awarded the Engineering, Procurement, Construction, Commissioning and Finance (EPCCF) contract for the 1Mtpa urea production plant to leading South Korean engineering and construction company, DL E&C Co. Ltd.

Highlights

- LCK has awarded the Engineering, Procurement, Construction, Commissioning and Finance (EPCCF) contract to leading global engineering, procurement and construction contractor, DL E&C Co. Ltd.
- The contract is for development of the full commercial stage of the Leigh Creek Energy Project (LCEP), consisting of a 1mtpa zero carbon urea production facility in South Australia.
- Letter of support from a major South Korean bank has been issued to provide debt finance for up to 70% (or approximately AUD 1.5 Billion) of the stage 2 project costs.

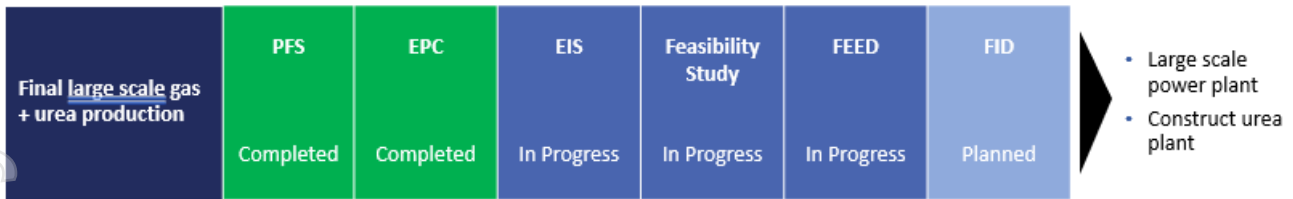
Key Terms of the Contract

- DL E&C Co. Ltd, will manage the LCEP Bankable Feasibility Study (BFS) and Front End Engineering & Design (FEED) stages, ahead of the Final Investment Decision.
- Once Final Investment Decision is achieved and all relevant key engineering data and project execution documents are finalised with LCK, then DL E&C Co. Ltd, will perform the engineering, procurement construction and commissioning of the urea production facilities.
- Under the contract the turnkey price of the EPCCF will be approximately 70% (or approximately AUD 1.5 Billion) debt funded, the major portion of which will be funded by South Korean banks but with the potential for involvement of other multi-national banks. The finance will be provided subject to usual commercial terms and is stage-gated by a positive FID. The remaining 30% will be funded by a mixture of debt and equity.

Next Steps

DL E&C Co. Ltd. will make an immediate start on the BFS. The Front End Engineering Design follows rapidly and leads to the expected Final Investment Decision in late 2022.

Downstream Commercial Development



LCK Managing Director Phil Staveley commented on the DL E&C Co. Ltd. contract:

"We are not bringing DL E&C Co. Ltd. as a contractor; we have engaged them as a partner for our project. Having a partner such as DL E&C for the project provides us with confidence in delivering the best outcome for the project, for the stakeholders and for our supportive shareholders."

"We are committed to moving forward towards the first integrated Australian Urea Production Project and this will be the first large scale fertiliser project in the world with zero carbon emissions as we previously committed."

"Awarding the Stage 2 construction contract moves the Leigh Creek project another major step closer to developing our large resource base in South Australia to be a leading supplier of urea to international markets and the Australian agriculture sector, removing many of the supply risks that currently impact Australia's farmers, such as commodity price and exchange rate risks and timing."

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

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About DL E&C Co. Ltd.

Incorporated in 1939, DL E&C Co. Ltd. is a parent company of the DL Group, which consists of thirteen affiliates. As a leader in the construction sectors in Korea, DL E&C Co. Ltd. provides a wide variety of products and services.

Since its first overseas project in Vietnam in 1966, the construction division has successfully completed various construction, civil engineering, and plant projects in more than forty countries worldwide. It has been recognized for its technical leadership and strong competitiveness in the global market.

In its early history DL E&C Co. Ltd. made major contributions to Korean landmarks and iconic buildings including Korea's artery road, Gyeongbu Expressway, Seoul Metropolitan Subway, POSCO, National Assembly Building, Seoul Olympic Main Stadium, Gwanghwamun Square and Yi Sun-Sin Bridge.

Since its first overseas project in 1966, DL E&C Co. Ltd. has played a pioneering role in penetrating overseas markets. Beyond the traditional roles of design and construction, DL E&C Co. Ltd. is including project exploration, planning, investment, financing, construction, and operation in its portfolio and building a foundation to grow as a leading developer.

Currently, DL E&C Co. Ltd. is undertaking projects in global markets including the U.S., Saudi Arabia, Kuwait, China, Vietnam, Singapore, and Brunei. Refer DL E&C Co. Ltd. website for further information: <http://www.dlenc.co.kr/eng>

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, 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%.

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.

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. 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.