

ASX ANNOUNCEMENT (ASX:LCK) Wednesday, 11 August 2021

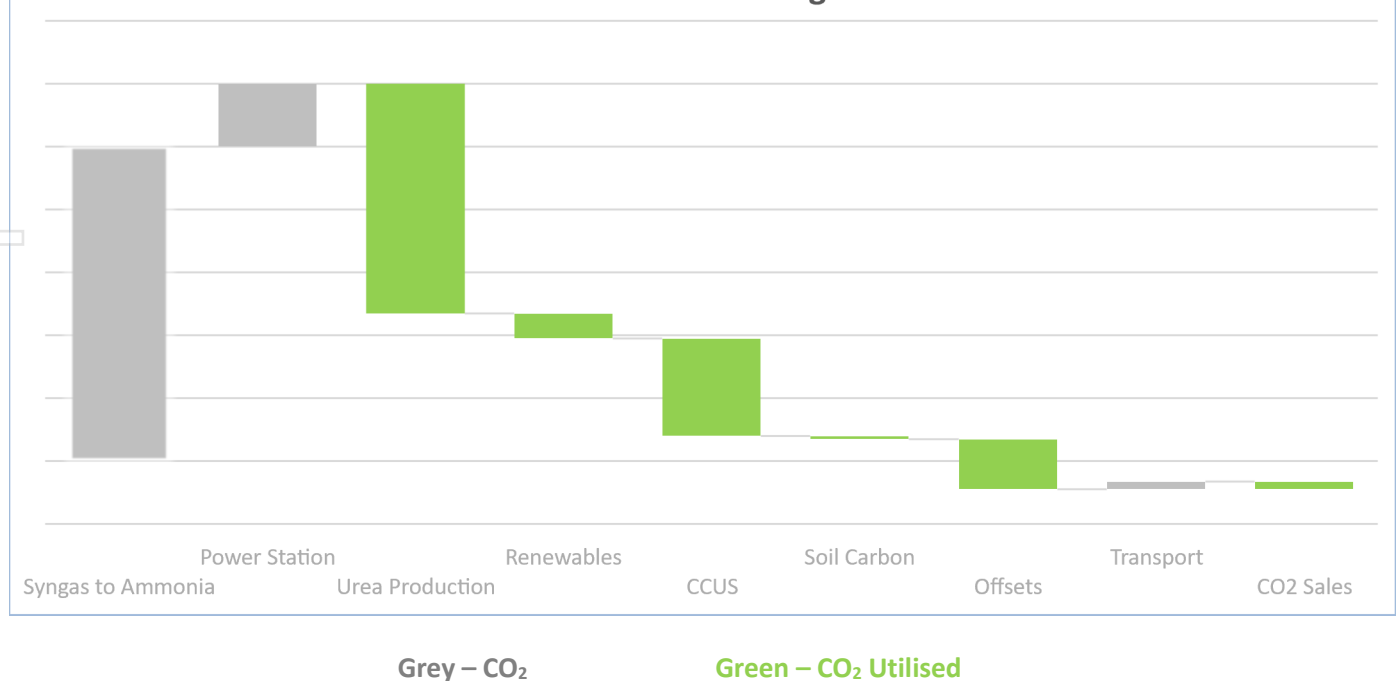
LCK Carbon Neutral from 2022

Leigh Creek Energy Limited ("LCK") announces that the Leigh Creek Energy Project (LCEP) will be at the forefront of Carbon Capture, Utilisation and Storage (CCUS) and will likely be the first large-scale fertiliser project in the world to be carbon neutral.

Highlights

- LCEP to be carbon neutral from 2022 – eight years earlier than previously planned
- This voluntary carbon neutral program includes stage 1 commercial development and operations commencing in early 2022
- LCEP will produce 1 million tonnes of carbon neutral urea annually from 2024
- LCEP is a supporter of Task Force on Climate-related Financial Disclosures (TCFD) and have voluntarily committed to releasing climate related financial disclosure

Carbon Generation and Mitigation at LCEP



LCK Managing Director Phil Staveley commented as follows:

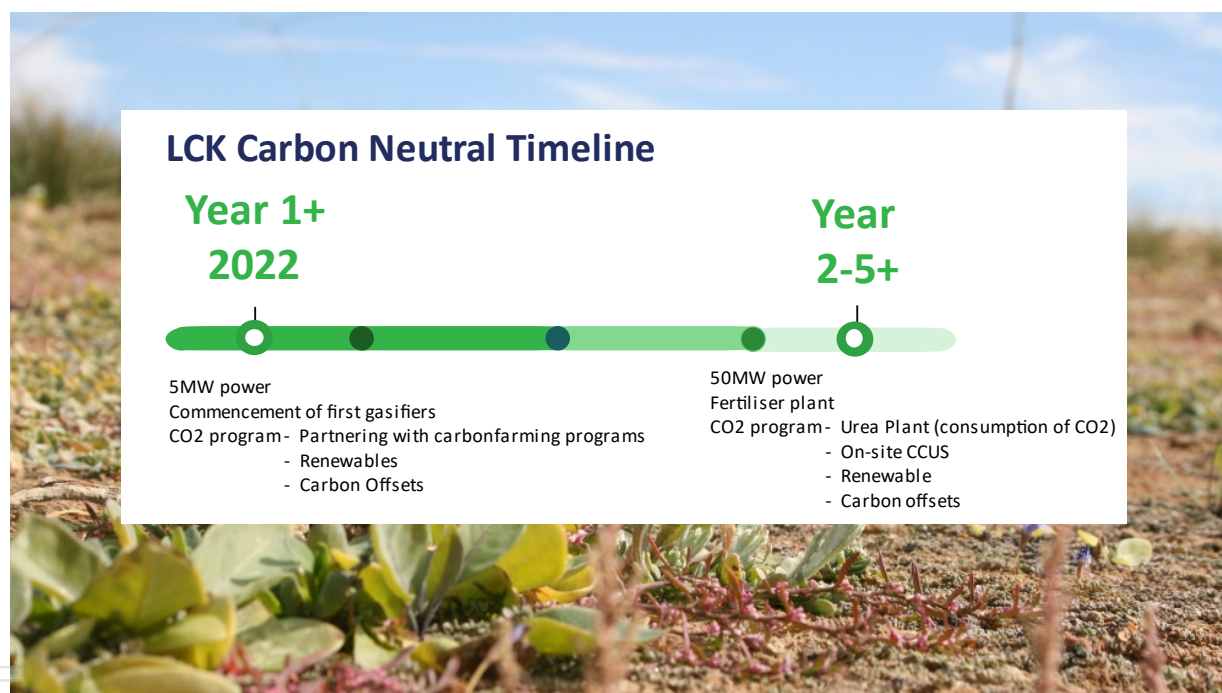
"The release of this updated plan is world-leading and will see the Leigh Creek Energy Project be carbon neutral during 2022, eight years earlier than planned, - the first large scale fertiliser project in the world to be carbon neutral."

"This voluntary action has been undertaken because we hold this as one of our core beliefs. We want to lead the industry globally in this space, and we believe it provides the most long-term value for all stakeholders."

"This is not greenwashing. This is real, as you can see from the TCFD commitment which provides transparent and auditable evidence."

"We expect it to be a significant drawcard for potential offtake, strategic partners and/or equity or debt providers as we lead this sector in moving towards a low carbon future."

"This is achievable because our ESG principles allow us to design the business for lower emissions and carbon neutrality into all areas of planning, from the start of construction through to full scale production as Australia's first integrated urea plant servicing local and export agriculture markets."



The Program Commencing 2022

- Year 1** 5MW construction will be carbon neutral through a combination of renewables, purchased offsets and carbon farming programs
- Year 2** FEED, FID and BFS will be carbon neutral through a combination of renewables, purchased offset and carbon farming programs
- Year 2-4** Development and construction and production operations will enable carbon neutral through renewables, carbon farming and initiating the CCUS programs.
- Year 4+** Utilisation of 75% of CO₂ in urea production, onsite carbon capture and storage processes (CCUS)

This updated plan builds on our extensive ESG strategy published in 2018 and is based on the utilisation of carbon from onsite syngas, urea production and carbon capture and storage in its gasifier chambers.

An independent engineering and geological review concluded that this process is possible at this location and the initial gasifier well design, gathering/pipelines will incorporate the double purpose design with the redundant gasifier chamber being converted for carbon geo sequestration.

To support its commitment LCK has been accepted as a signatory to the United Nations Global Compact (UNGC) in 2020 and more recently joined the Climate Market Institute (the peak carbon industry body in Australia) and committed to the TCFD, which requires transparent, reliable, verifiable, and more importantly auditable reporting on climate related financial matters.

The carbon neutral program enables LCEP to lead the industry in ESG principles and provide a significant strategic advantage as well as benefits for all stakeholders.

The LCK team will be presenting further details regarding this program at the CCUS conference to be held late this month. Further details will be released post conference.

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

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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, 550 kilometres 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 AUD 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 are forecast to be A\$109 per tonne which is 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.