

3 September 2021, ASX ANNOUNCEMENT (ASX:LCK)



Leigh Creek Energy Limited ("LCK" or "the Company") 100% subsidiary, Leigh Creek Oil and Gas Pty Ltd ("LCOG") has been awarded Petroleum Exploration Licence 676 ("PEL") in key South Australian Cooper Basin oil and gas acreage.

Highlights

- Awarded Petroleum Exploration License 676 in the key Cooper Basin acreage by the South Australian Minister of Energy and Mining
- Native Title agreement completed and work program agreed
- Next steps include a farm down followed by drilling of exploration wells
- Continues progress on LCK strategy of portfolio diversification

LCK Managing Director Phil Staveley commented on the award of PEL 676:

"LCK's portfolio of Cooper Basin exploration permits allow the Company to diversify activities with a secondary development project which complements the Leigh Creek Energy Project (LCEP). While building the LCEP remains our ongoing focus the grant of PEL 676 illustrates our continued progress on our portfolio diversification strategy and the ongoing support of the South Australian Government."

Background

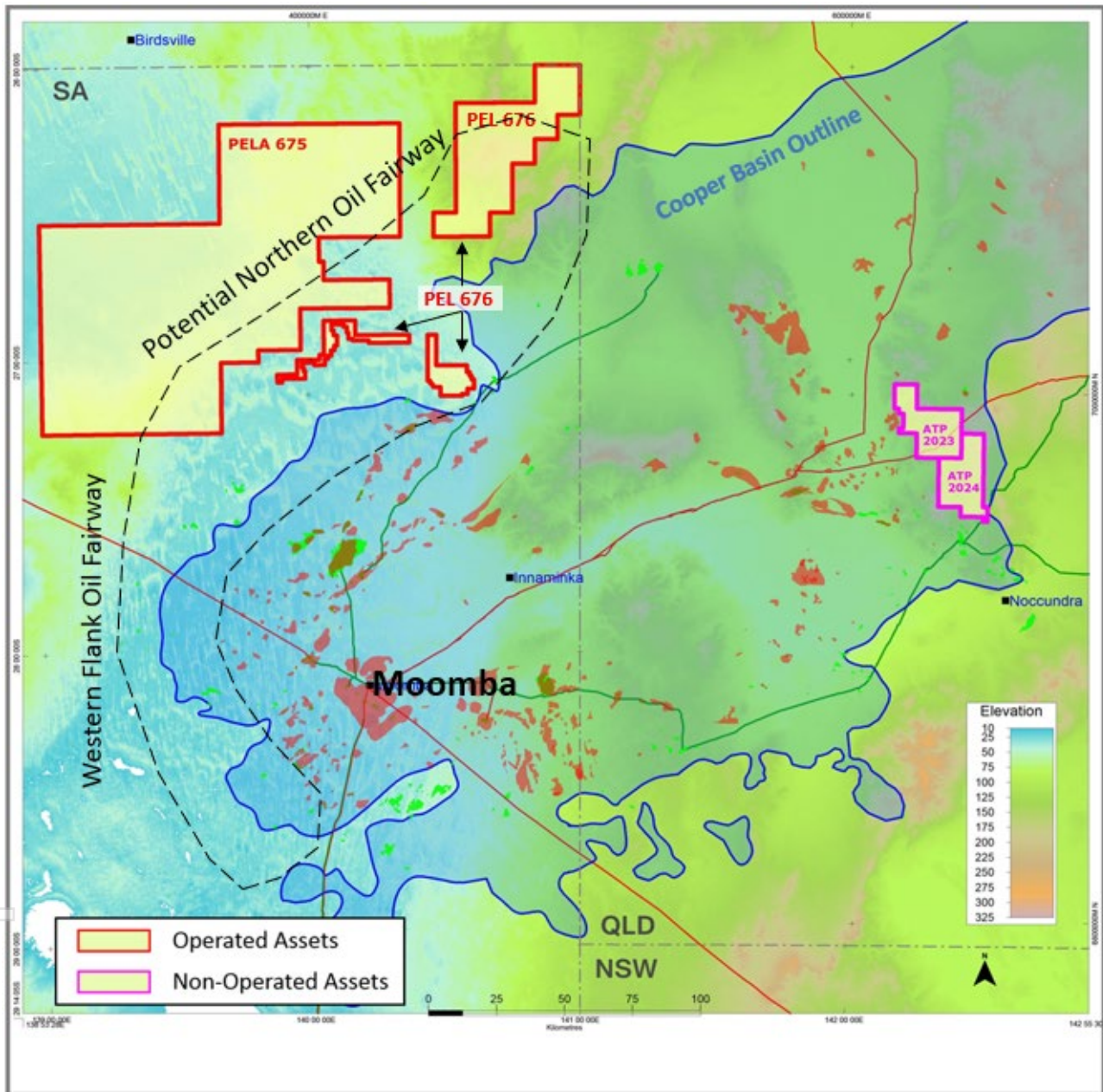
LCOG has a diversified portfolio of assets which includes oil and gas interests in the Cooper and Eromanga Basins. The Cooper Basin was selected by LCK as an area to invest in as it provides a low cost of entry, relatively low risk, potential for near-term revenue as well as a favourable and stable regulator in the South Australian and Queensland governments.

LCOG previously identified prospective areas in the Cooper Basin that aligned with its strategy of providing opportunities to explore for oil and gas at a relatively low capital cost given the proximity to existing infrastructure. The areas of interest have a stratigraphy that mirrors the Western Flank oil fairway and target oil accumulations in the Birkhead Formation and Hutton Sandstone.

Having recently completed a Native Title agreement LCOG has now been granted PEL 676 by the South Australian Minister of Energy and Mining which permits exploration to progress in line with the agreed program of work. The program will focus on leads identified from existing 2D seismic with 3D seismic required to be undertaken to mature drillable targets.

Engagement with targeted parties to farm-down a portion of this permit to an operator is the initial priority in line with the strategy of maximising exposure across the Cooper and Eromanga Basins.

Progress continues on other oil and gas interests in these Basins including the application for a PEL on Petroleum Exploration License Application (PELA) 675, the farm-in on Authority to Prospect (ATP) 2023 and ATP 2024 which are held by Bridgeport Energy (Qld) Pty Limited as operator and on which LCOG has an interest, and exploring opportunities to expand the oil and gas portfolio.



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

Further information:

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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.

Subsidiary company Leigh Creek Oil and Gas Pty Ltd (LCOG) holds a portfolio of Cooper and Eromonga Basin exploration permits which diversify LCK's activities and provide for a secondary development project to compliment the LCEP. LCOG provides an exciting opportunity to explore for oil and gas at a relatively low capital cost targeting near term production and revenue.