

ASX ANNOUNCEMENT (ASX:LCK)

Tuesday, 19 October 2021



## Emissions Reduction Fund Support

Leigh Creek Energy Ltd (“LCK”) expresses its support for and intention to register the Leigh Creek Urea Project (“LCUP”) with the Federal Government’s Emissions Reduction Fund.

### Highlights

- The Clean Energy Regulator (CER) has accepted a new method for measuring and reporting Australian Carbon Credit Units (ACCUs) from Carbon Capture and Storage (CCS) projects
- LCK will commence the process to register LCUP’s CCS activities under the Federal Government’s Emissions Reduction Fund to generate ACCUs
- Once recognised, LCUP will be able to produce ACCUs to generate income through a secondary market or carbon abatement contract
- CCS will significantly reduce Australia’s carbon emissions and will assist in a developing a new and sustainable industry for local and regional jobs growth

### LCK Managing Director Phil Staveley commented:

*“The new measuring and reporting method is welcomed by LCK, allowing for projects like the LCUP to showcase how environmentally sustainable and commercially viable Carbon Capture and Storage can be. The Federal Government’s Emissions Reduction Fund will allow the LCUP to produce Australian Carbon Credit Units to be sold on the secondary market or as an additional revenue stream.*

*We will work closely with the Federal Government and the Clean Energy Regulator to promote CCS technologies to significantly reduce carbon emissions in Australia.*

*Based on our successful CCS feasibility study, front end engineering design of CCS facilities is now underway and will be incorporated into the design of the ammonia and urea facilities, scheduled for completion Q4 2022, and will assist in a developing a new and sustainable industry for local and regional jobs growth”*

### The Emissions Reduction Fund and Australian Carbon Credit Units

The Emissions Reduction Fund (EMF) is a voluntary scheme that aims to provide incentives to adopt new practices and technologies to reduce emissions.

The EMF provides opportunities to earn ACCUs for emissions reductions, providing one ACCU for each tonne of carbon dioxide equivalent (tCO<sub>2</sub>-e) stored or avoided by a project.

ACCUs can be sold to generate income, either to the government through a carbon abatement contract, or in the secondary market. The CER is the manager of the EMF. On 1 October 2021, the CER released a new method for measuring and reporting ACCU from CCS projects.

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

**Further information:**

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[About the Leigh Creek Urea Project](#)

The Leigh Creek Urea Project (LCUP) 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 LCUP will initially produce 1Mtpa (with potential to increase to 2Mtpa) of carbon neutral urea.

The A\$2.6 billion 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 carbon neutral urea production on-site. Based on prior studies, forecast operating cost 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. The LCUP produced syngas within all approved environmental parameters set by the regulator and will be carbon neutral from 2022.