

15 November 2021

LCK participates in COP26 workshops for leading companies transitioning to net zero emissions

Highlights

1. LCK was invited to COP26 as a delegate by the Climate Market Institute to participate in a series of workshops for leading corporations with carbon neutral plans and commitments to the UN Global Compact
2. LCK's sustainability actions continue to meet or exceed COP26 aims and goals

LCK General Manager, Sustainability and People Noreen Byrne commented:

"For LCK to be invited to participate at COP26 is a privilege. Workshop participants were impressed by our Environment, Social, Governance (ESG) leadership in our sector – the Leigh Creek Urea Project will be at the forefront of carbon capture, utilisation and storage (CCS) and will likely be the first large-scale fertiliser project in the world to be carbon neutral when it reaches that milestone next year.

"Our participation at COP26 is allowing us to harness this sector leadership and be part of something that is shaping our world for generations. This conference demonstrates what LCK believes in, our commitment to ESG and our dedication to being Carbon Neutral from 2022."

Overview of COP26 LCK participation

COP26 was hosted by the United Nations in Glasgow, Scotland. COP26 is the conference for representatives and governments from 197 countries to discuss steps to addressing climate change and agreeing on global and national targets.

COP26 is the first major test of the 2015 Paris Agreement to gauge progress of countries on their agreed commitments to limit the rise in global average temperature to well below 2 degrees centigrade and pursue efforts to not exceed 1.5 degrees above pre-industrial levels.

Leading global independent industry associations for businesses that are leading the transition to net zero emissions held side workshop streams to outline the work being done by companies leading their respective sectors in net zero activities and demonstrate the ways they are upholding the 10 United Nations Global Compact principles (UNGC).

LCK outlined the methods being used in achieving carbon neutrality in 2022 – eight years earlier than previously planned – during the Leigh Creek Urea Project (LCUP) construction and operations, providing the

capacity to produce 1 million tonnes annually of carbon neutral urea from 2024, and the ways it will be audited throughout.

The company also gave an update on the rollout of the ESG initiatives that qualified it as a signatory of the United Nations Global Compact in December 2020 and how it is creating enduring value for all stakeholders.



Noreen Byrne, LCK General Manager of Sustainability and People and The Hon Angus Taylor MP, Federal Minister for Industry, Energy and Emissions Reduction, at the Australia Pavilion at COP26

LCK ESG Initiatives

LCK voluntarily committed in 2018 to ensure its ESG program is incorporated across its entire organisation and project operations to drive sustainable change and has led the way in designing a project to deliver on that.

1. Carbon Neutral from 2022

LCK announced on 11 August 2021 that it would be Carbon Neutral from 2022, eight years earlier than previously planned. This voluntary commitment is at the corporate level and for the LCUP.

This commitment is achievable because approximately 75% of the CO₂ produced during the LCUP's manufacturing process is then used to manufacture urea fertiliser, the sole product of the LCUP.

The balance of the CO₂ produced can and will be sequestered by CCS in the void created through gasification operations – the completed feasibility study independently verified this solution.

2. LCK's history of leadership in sustainability continues

LCK has advanced with three major international initiatives to achieve long term sustainability:

1. LCK was admitted to membership of the United Nations Global Compact (ASX announcement 1 December 2020) – the world's largest corporate sustainability initiative with over 12,000 members in over 160 countries that are committed to building a sustainable future.
2. LCK was admitted to Climate Active with a view to achieving official accreditation in 2022. Climate Active certification is awarded to businesses and organisations that have reached the state called carbon neutrality.
3. LCK supports the Task Force on Climate-related Financial Disclosures (TCFD) framework and has voluntarily committed to releasing climate related financial disclosure, which requires transparent, reliable, verifiable, and more importantly auditable reporting on climate related financial matters.

3. LCK alignment with COP26 aims and goals

COP26 aims and goals	LCK Achievement
Secure global net zero by mid-century and keep 1.5 degrees within reach	Committed to be carbon neutral from 2022
Adapt to protect communities and natural habitats	Committed to reduce any potential methane emission from 2022 in line with COP26 target
Mobilise finance	Support and educate the communities we work within
Work together to deliver	Signatories with UNGC, TFCDD and Climate Active

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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 urea.

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 from 2022**.

The AUD 2.3 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 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%.

The LCUP will be developed in 2 commercial stages:

Stage 1 consists of:

1. Construction of gasification wells to provide energy (syngas) for the project; and
2. 5 MW gas fired power generation.

Stage 2 consists of:

1. Expansion of gasification fields;
2. 100MW gas fired power generation;
3. Construction of a 1 million tonnes per annum urea facility.