

22 November 2021

Drilling Contract Awarded

Highlights

1. Leigh Creek Energy Limited ("LCK") has secured the rigs required for our project by awarding the drilling contract for the LCUP Stage 1 works to Silver City Drilling, an experienced Australian provider of professional drilling services
2. Silver City Drilling will conduct drilling services for Stage 1 including drilling wells for gasification operations, investigation, monitoring and water supply

LCUP Stage One Drilling Works

The Stage 1 drilling works will include all the drilling required for our Stage 1 project to start up the first gasifiers, which include the investigation wells, monitoring wells, water wells and gasification wells.



Pictured: Silver City's drill rig that will conduct monitoring, sampling of groundwater sampling wells and confirm 3D seismic survey results (left); the drill rig or similar that will be used for Stage 1 gasifiers and initiation wells (right)

Silver City are experienced in the area having provided the drilling capability for the successful pre-commercial demonstration at site.

About Silver City Drilling

Silver City Drilling Pty Ltd is an Independently Owned Australian company with bases geographically located in Two Wells and Balaklava (SA), Alice Springs (NT), Perth (WA), Dalby, Moura and Birdsville (QLD) and Port Macquarie (NSW).

Silver City Drilling specialises in drilling and well-servicing operations for both conventional and unconventional oil and gas. Silver City Drilling was the contractor LCK used to drill its wells for the Pre-Commercial Demonstration in 2018.

LCK Managing Director, Phil Staveley, commented:

“Silver City is an exceptional operator and has led the drilling industry for years with industry leading expertise and a strong knowledge of the oil & gas sector. Awarding the drilling contract is another key step derisking the delivery of Stage 1 of the Leigh Creek Urea Project which will play a critical role in providing sovereign urea for the domestic agriculture market.”

Silver City Managing Director, Vivian Oldfield, commented:

“We are proud to have the chance working again with Leigh Creek Energy and we are grateful being part of this amazing project which is creating South Australian jobs and it underlies the social and economic commitment by Leigh Creek Energy in these difficult times. “

This announcement is approved by the Board of Leigh Creek Energy Limited.

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 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. Ammonia facility;
4. Urea facility; and
5. Logistics, loading and transport.