

4 March 2021 ASX RELEASE (ASX:LCK)

2021 Half Year Results

Leigh Creek Energy Limited (ASX: LCK or “the Company”) is pleased to announce its financial results for the six months ended 31 December 2020.

Key Financial Highlights

- Net loss for the half year to 31 December 2020 of \$4.0 million as the Company continued to invest in advancing work on the commercialisation of the Leigh Creek Energy Project (LCEP)
- Capitalised expenditure incurred on the LCEP was \$1.2 million
- LCK’s cash balance at 31 December 2020 was \$3.3 million
- Subsequent to the end of the period, LCK agreed to place shares, for consideration of up to \$18 million, to the US-based institutional investor Energy Exploration Capital Partners, LLC, the first tranche of \$6 million was received in January 2021

Key Operational Highlights

- Grant of a Petroleum Production Licence (PPL) for the LCEP, the final petroleum licencing approval for upstream development
- Completion of a Pre-Feasibility Study (PFS), providing confidence in the economics for the production of urea from syngas
- Subsequent to the end of the period, Stage 1 Engineering, Procurement, Construction and Management (EPCM) contracts were awarded to inGauge Energy Pty Ltd (inGauge) for drilling services and Prudentia Process Consulting Services Pty Ltd (Prudentia) for engineering services

LCK Managing Director Phil Staveley commented on the financial results:

“The six months to December 2020 was a seminal period for LCK as it achieved numerous milestones, including completion of the PFS and the award of the Petroleum Production Licence. The Company can now move forward with operational and economic confidence in the LCEP. Our healthy bank balance will enable us to progress Stage 1 of commercial development which entails drilling up to five gasifiers and installing a small-scale power plant. Once completed the project will earn its first revenue and can continue development of Stage 2, the construction of a 1Mtpa urea plant. We aim to become a key supplier of urea to Australia’s agriculture sector by developing Australia’s first fully integrated urea production facility, providing national food security, regional employment and significant returns for shareholders.”

Petroleum Production Licence

The Company was issued with PPL 269 and Associated Activities Licence (AAL) 292 by the South Australian Government for the LCEP on 25 November 2020. PPL 269 is the final petroleum licence required for upstream (sub-surface In-Situ Gasification (ISG)) development along the Company's defined path towards commercial urea production, and represents a major milestone in LCK's commercial development pathway.

Pre-Feasibility Study

The LCEP PFS, concluded in early November 2020, reflects the optimal pathway to commercialise the Company's 1,153PJ 2P reserves. The construction of Australia's first fully integrated urea production facility promises to provide the most value-accretive pathway for the development of the project. The facility's first train will have 1Mtpa capacity, with potential to expand with a second train to 2Mtpa. This provides the ability for urea produced from the LCEP to displace imported urea fertiliser. LCEP will provide resilience to the Australian agriculture sector with locally produced urea in a much more cost-effective and timely manner and will help improve national food security and regional employment.

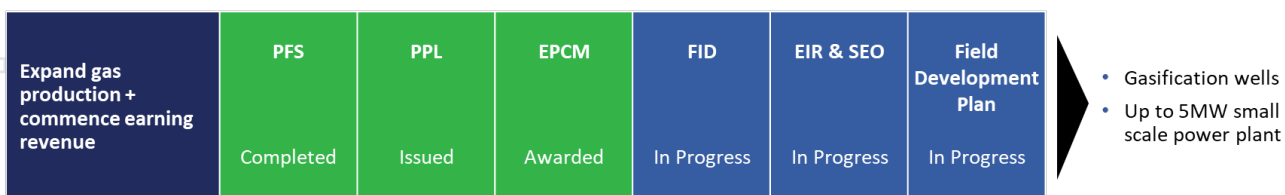
The LCEP PFS highlights the robust economics for the development of a urea production plant to provide fertiliser to the domestic Australian market and potentially for export. Key project parameters include

- Pre-tax NPV of A\$3.4 billion;
- IRR of 30%;
- 1Mtpa urea plant supported by syngas feedstock;
- Average nominal production cost of A\$109/tonne, **establishing LCK as one of the lowest cost producers** of urea globally;
- Total capital cost estimate of A\$2.6 billion; and
- Commercial life of over 30 years supported by 1,153 PJ of 2P reserves.

Commercial Development

LCK continues to deliver on its remaining commercial development goals, with the award of Stage 1 EPCM contracts achieved post 31 December 2020.

Stage 1 Commercial Development



Stage 2 Commercial Development



Stage 1 commercial development EPCM contracts were awarded in January to:

- inGauge for management of drilling services for the upstream component, incorporating:
 - Investigating options for well and gasifier design and integrity measures
 - Managing approval requirements in conjunction with LCK
 - Procurement (tender scope, specifications, recommendation and assistance) of drilling contractors
 - On site drill operations management
- Prudentia for management of selection, engineering, construction and commissioning of above ground facilities, incorporating:
 - Technology selection, engineering and design development
 - Development of project documents, specifications, and drawings for use with procurement and construction activities
 - Development and tracking of project controls including schedule and budget
 - Development of scope of work packages and management of procurement activities
 - Construction and commissioning support

LCK has an established and aligned relationship with both inGauge and Prudentia as both companies previously worked with LCK on the LCEP Pre-Commercial Demonstration project.

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

For information on the ISG process [CLICK](#)

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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, 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% (refer LCK ASX announcement [here](#)).

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.

www.lcke.com.au

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.