

Monday, 31 August 2020 **ASX ANNOUNCEMENT**



2020 Full Year Financial Results

Leigh Creek Energy Limited (ASX: LCK or “the Company”) an emerging company focused on developing In Situ Gasification (ISG) technologies for the commercial production of nitrogen-based fertiliser and hydrogen products from its Leigh Creek Energy Project (“LCEP”) is pleased to announce its financial results for the year ended 30 June 2020.

Key Financial Highlights

- Net loss for FY20 of \$7.2 million (\$9.5 million in FY19) as the Company continued to invest in advancing work on the commercialisation of the Leigh Creek Energy Project
- Current cash balance as at 30 June 2020 was \$6.8 million (\$2.3 million as at 30 June 2019). The strong cash balance provides the company flexibility to develop the LCEP, evaluate conventional oil and gas assets, undertake business development and for general working capital

Key Operational Highlights

- Advanced the Pre-Feasibility Study work streams at LCEP targeting the in-situ gasification of coal to synthesis gas (syngas) to be used as feedstock for production of urea, an essential fertiliser in agriculture
- Granting of the Petroleum Retention Licence (PRL) for the Leigh Creek Energy Project (LCEP), providing security of tenure and a direct pathway to a Petroleum Production Licence (PPL)
- Development of a Joint Venture Agreement (JV) with China New Energy Group Limited for ISG operations in China
- Awarded two tenements in the South Australian government’s 2019 Cooper Basin Acreage Release

Leigh Creek Energy Limited Managing Director, Phil Staveley commented *“The conclusion of FY20 sees LCK in a secure financial position, with funds in the bank and nil debt. This allows us to continue to work confidently and diligently towards commercialisation of the Leigh Creek Energy Project.”*

Joint Venture with China New Energy

During FY20 LCK and its largest shareholder, China New Energy Group Limited progressed the development of the Joint Venture Agreement (JV) for In-Situ Gasification (ISG) operations in China. This has been agreed in principle, and the JV documents are currently being translated.

Hydrogen as a product option

Hydrogen is currently enjoying unprecedented political and business momentum, with the demand expanding rapidly. The world market for hydrogen is estimated at \$100 billion⁺, with a compound annual growth rate of 6%-8%.

LCK successfully produced significant quantities of hydrogen at its flagship Leigh Creek Energy Project (LCEP) Pre-Commercial Demonstration (PCD) in early 2019.

Hydrogen production from LCK's operations will be a primary feed gas product produced during the urea manufacturing process. LCK recognises the commercial potential of its LCEP project to produce large quantities of ultra-low-cost hydrogen. Initial modelling indicates the LCEP plant could produce up to 200 million kg per annum at a price well below the Federal government's aspirational target of \$2/kg, outlined in the Commonwealth government's "Technology Investment Roadmap Discussion Paper".

Cooper Basin Exploration Acreage

LCK competed for tenements in the South Australian government's 2019 Cooper Basin Acreage Release and was awarded two of the five tenements offered (PELAs 675 and 676). These permits plus Queensland ATPs 2023 and 2024, which LCK is in the process of farming into with a subsidiary of Bridgeport Energy Limited, comprise the Company's growing portfolio of Cooper Basin oil exploration permits.

Finance

As of 30 June 2020, the Company's total cash balance was AUD\$6.8 million.

During the financial year, the Company issued 105.8 million shares to raise \$10.4 million to fund development of the LCEP, evaluate conventional oil and gas assets, undertake business development and for general working capital.

The Company's balance sheet remains strong and provides the company financial flexibility to continue to advance the Pre-Feasibility Study and other work streams to progress the LCEP in FY21.

Progression of LCEP as a Fertiliser Producer

As well as the progress in approvals with the Department for Energy & Mining (DEM), LCK is forging ahead with its Pre-Feasibility Study (PFS), and Environmental Impact Statement (EIS) required studies.

The Leigh Creek Energy Project

Further work on development costs, including completion of outbound logistics studies, will be undertaken during the FY21, and we will keep the market updated on the project development.

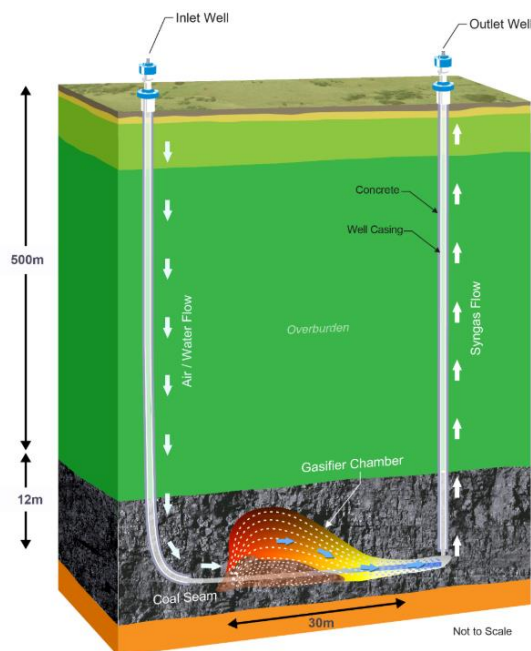
The LCEP is located at Leigh Creek, 550 kilometres north of Adelaide, South Australia. When operational, the LCEP will become the largest ISG project in Australia and a significant supplier of low cost, domestically-produced urea to Australia's agricultural sector.

The LCEP is being developed to generate unconventional gas, or syngas, from deep coal seams using gasification technology. LCK has proved and probable 2P reserves of 1,153 PJ of gas from 31% of the coal at Leigh Creek.

LCK will use its syngas as feedstock for production of urea, a key fertiliser in agriculture.

Initial modelling based on studies from thyssenkrupp indicates that the LCEP can market urea into the domestic and import markets at or below import price parity from the dominant lowest quartile producers from the Gulf States.

The In-situ Gasification Process



Webcast Details

The Company will present a webcast for interested parties on Wednesday, 16 September 2020, at 10.00am and 2:00 pm AEST. Participants can register by sending their name, status (e.g. shareholder, advisor, fund manager, media etc) and preferred timeslot to contactus@lcke.com.au.

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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.

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

About Leigh Creek Energy

Located in South Australia, Leigh Creek Energy Limited (ASX:LCK) is an emerging energy company focused on developing its Leigh Creek Energy Project (LCEP). The LCEP will produce nitrogen-based fertiliser and/or hydrogen products at Leigh Creek by utilising ISG technologies.

LCK is committed to developing the LCEP using a best practice approach to mitigate the technical, environmental and financial project risks.

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

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