

17 January 2022, ASX ANNOUNCEMENT (ASX:LCK)



**LCK international expansion -  
Acquisition of the Mulpun ISG Project in Chile**

### Highlights

- **LCK signs Memorandum of Understanding (MoU) to acquire the Mulpun ISG Project with approvals in Chile.**
- **Finalising the acquisition of the project is dependent upon completion of due diligence by LCK.**
- **Project has all approvals, over 3 years of planning, feasibility study, front end design, and early site works completed.**
- **Commercial production expected in 2023.**

### LCK International Growth

LCK is pleased to announce the Company has signed a MoU to exclusively negotiate the acquisition of the Mulpun ISG project in Chile from Antofagasta Mineral SA (AMSA). The Mulpun project includes freehold title to the land, approvals, assets and property that are currently held by AMSA.

Under the MoU the broad commercial terms have been agreed. LCK will progress immediately with the last stage of due diligence, and negotiating the final acquisition terms and conditions with a target completion in April 2022.

### Strategic Rationale

The opportunity at Mulpun is very attractive as it is in an advanced development stage previously guided by scientists from CSIRO. It is situated in an attractive jurisdiction for development. Chile is a strategic location for commercial development for LCK due to its high energy cost and dependency on imported coal, natural gas and oil. It has an educated workforce and a reliable legal system.

The estimated recoverable gas of 1,100PJ<sub>(1)</sub> is more than sufficient for long term development which may include power, urea (all urea is imported into Chile) or other developments. Whilst LCK's focus is on the production of urea to meet increasing world demand, local needs will also be considered in the choice of final product mix.

- With 18m people Chile has the highest per-capita GDP in South America
    - Electricity demand has doubled since 2000 & is set to more than double again by 2050
    - Chile is a modern, Pacific-Nation economy
  - Chilean Govt. has established a 2050 National Energy Policy
    - The #1 pillar is the quality and security of supply
    - Our projects support the National Energy Policy in multiple ways
  - 2/3<sup>rd</sup> of Chile's energy supply is imported
    - 100% of oil, 80% of natural gas & 80% of coal are imported
    - Over 90% of coal is used in power generation
    - Australia is the 2<sup>nd</sup> largest provider of coal to Chile
  - Chile has 8<sup>th</sup> highest electricity price for industry amongst International Energy Agency nations
    - Firewood accounts for ~60% of domestic energy production. This is an urgent bio-health issue
  - Chilean Govt is supportive for projects that add domestic power generation & gas supply
- Domestic energy production in Chile = national security and economic growth***

The project has been previously de-risked with completion of all the stages of site characterisation, studies, investigations, feasibility studies and approvals completed by Carbon Energy (ASX: CNX) and AMSA.

## About the Mulpun Project

### Location

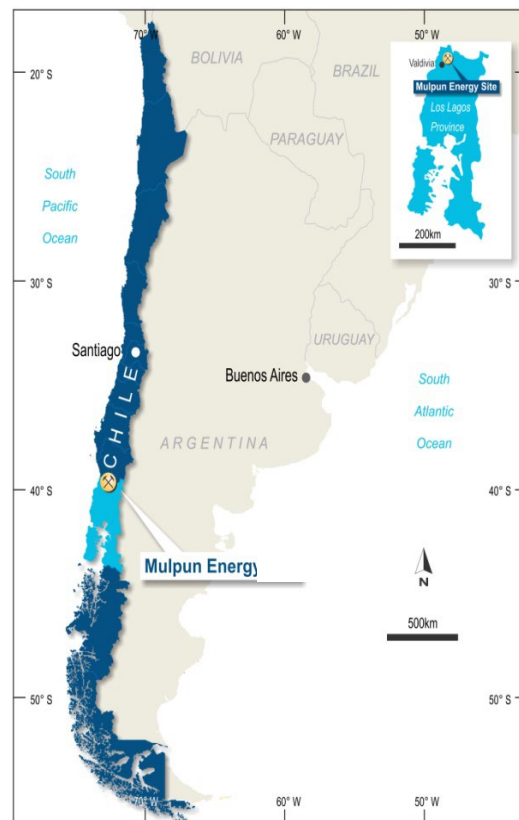
The Mulpun site is located in southern central Chile, 840 km south of Santiago and 40 km east of Valdivia, a city with a population of 150,000.

The project was initially developed as a joint venture between AMSA and Carbon Energy (ASX: CNX).

### Estimated Recoverable Gas of 1,100PJ <sup>(1)</sup>

Initial drilling and hydrological results provided by AMSA as well as previous work done by CNX have indicated the suitability for ISG.

The estimated recoverable gas from site is 1,100 PJ. This would represent an effective doubling of LCK's existing 1,153 PJ reserve. <sup>(2)</sup>



Mulpun Energy Site Location

## Project Status

LCK has the benefit of acquiring the project with multiple major project milestones already achieved including:

- Environmental Permit Approval for the process characterisation panel obtained;
- Geological Assessment completed;
- Panel Location selected;
- Roads and Site established;
- Monitoring Wells and Drilling Pads completed;
- Panel Drilling materials purchased & on-site;
- Drilling rig and services identified;
- Final Design Plan completed;
- Front-end Engineering Design (FEED) Study completed;
- Estimated 1,100 PJ of recoverable syngas<sup>1</sup>



Site Established - Entrance



Monitoring Wells - Logging of Well



Monitoring Well Drilling on Vertical Drilling Pad



Completed Monitoring Well

*Pictures taken from the Mulpun site*

## Next Steps

On completion of due diligence and the final sales agreement LCK will quickly move to first gas production in the December quarter, and first commercial production in 2023.

## Growth and Focus

LCK retains its focus on the LCUP – the flagship project. Whilst developing the LCUP, LCK has been approached with numerous opportunities around the world to develop a project using its in-house expertise and carbon neutral approach.

LCK Managing Director, Phil Staveley, commented:

*“This is a very significant day for LCK and we are especially pleased entering in the final phase of acquiring the project from Antofagasta Minerals, one of Chile’s major companies.*

*The project is well advanced and has the potential to bring earlier cash flow to LCK.*

*This is consistent with our strategy to de-risk, diversify and grow LCK as a worldwide zero carbon fertiliser company and build a portfolio of assets throughout the world by leveraging off our core capability building fully integrated projects.”*

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

### Further information:

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## About Leigh Creek Energy

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 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.

## About Antofagasta Minerals SA

Antofagasta Minerals S.A. is a wholly owned subsidiary of Antofagasta plc, which is listed on the London Stock Exchange and is a constituent of the FTSE-100 index, with interests in mining, transport and water distribution. Its Chilean mining operations, which comprise Los Pelambres, El Tesoro and Michilla, produced 477,700 tonnes of copper in concentrate and cathode and 7,800 tonnes of molybdenum in concentrate in 2008. It is currently carrying out a brown-field expansion at Los Pelambres and developing the green-field Esperanza project in Chile, which, when operational, is expected to increase total Group copper production to nearly 700,000 tonnes per year by 2011. Antofagasta Minerals also has exploration or feasibility programmes in Latin America, Asia, Africa and Europe. It also has a joint venture with Empresa Nacional del Petroleo, the Chilean state-owned oil company, to explore and develop geothermal energy opportunities in Chile.

### (1) Mulpun Resource Compliance Statement

Carbon Energy ASX announcement from 25 October 2011, has confirmed that the reserve estimates used in that document were compiled by Mr Timothy Hower of MHA Petroleum Consultants, Colorado, USA, a qualified person under ASX Listing Rule 5.11.

### (2) 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](http://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.