



## **LSB Industries Announces Partnership to Capture and Sequester Over 450,000 MT of Carbon Annually**

April 28, 2022

### **Company to partner with Lapis Energy on Low Carbon Ammonia Project at El Dorado, Arkansas Facility**

OKLAHOMA CITY--(BUSINESS WIRE)--Apr. 28, 2022-- LSB Industries, Inc. ("LSB" or "the Company"), (NYSE: LXU), today announced that it entered into an agreement with Lapis Energy ("Lapis") to develop a project to capture and permanently sequester CO<sub>2</sub> at LSB's El Dorado, Arkansas facility ("El Dorado"). Lapis, backed by Cresta Fund Management, a Dallas-based middle-market infrastructure investment firm, will make 100% of the capital investment required for the project development. The project will commence immediately, with expected completion by 2025, subject to the approval of a Class VI permit, at which time CO<sub>2</sub> injections will begin. This is the first carbon capture and sequestration ("CCS") project announced in the state of Arkansas and the third CCS project from ammonia production in the U.S.

"We are very excited to partner with Lapis and take our first step to becoming a supplier of low carbon or 'Blue Ammonia' -- allowing us to participate in what we believe will become a large future market," stated Mark Behrman, President, and Chief Executive Officer of LSB Industries. "This project is very compelling for us from both environmental and commercial perspectives. Carbon sequestration is a proven means of reducing greenhouse gas emissions from ammonia production and our El Dorado facility is uniquely located above deep geological formations with the capacity to sequester decades of CO<sub>2</sub> production from the plant. Our customers, particularly our industrial customers, need solutions to help them decarbonize their supply chains and low carbon feedstocks represent an attractive opportunity to accomplish this goal in the near-term, while technologies for more sustainable no carbon or 'Green Ammonia' production continue to become economical."

Lapis, founded in 2020 by a team of leading industry experts, is a Dallas-based vertically integrated energy infrastructure development firm focused entirely on decarbonization through CCS. Once operational, the project at the El Dorado site will initially capture and permanently sequester more than 450,000 metric tons of CO<sub>2</sub> per year in underground saline aquifers, with the potential to increase this quantity based on potential debottlenecking projects at the facility. This will be equivalent to permanently removing approximately 109,000 passenger cars from the road, which represents approximately 11% of the cars registered in Arkansas. The permanently sequestered CO<sub>2</sub> generated from the facility's ammonia production is expected to qualify for federal tax credits under Internal Revenue Code Section 45Q, which are currently \$50 per metric ton of CO<sub>2</sub> captured beginning in 2026, but under evaluation by Congress to increase the 45Q tax credit to \$85 per metric ton of CO<sub>2</sub>.

Once in operation, the sequestered CO<sub>2</sub> will reduce LSB's scope 1 GHG emissions by 25% from current levels. In addition, sequestering more than 450,000 metric tons of CO<sub>2</sub> annually will enable LSB to produce over 375,000 metric tons of blue ammonia annually, a product expected to be more valuable than conventional ammonia.

Mr. Behrman continued, "Lapis is the perfect partner for us in our initial low carbon ammonia project given their significant experience and knowledge in the clean energy space. We are pleased to be working with them as we begin what we expect to be the first of several projects that will position LSB as a leader in the decarbonization of hydrogen and ammonia and generate significant long-term value for our shareholders."

### **About LSB Industries, Inc.**

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for a global chemical company in Baytown, Texas. LSB's products are sold through distributors and directly to end customers primarily throughout the United States. Committed to improving the world by setting goals that will reduce our environmental impact on the planet and improve the quality of life for all of its people, the Company is well positioned to play a key role in the reduction of global carbon emissions through its planned carbon capture and sequestration, and zero carbon ammonia strategies. Additional information about LSB can be found on its website at [www.lsbindustries.com](http://www.lsbindustries.com).

### **About Lapis Energy LP**

Lapis, founded in 2020 by a team of industry-leading experts, and backed by Cresta Fund Management, is a Dallas-based, vertically integrated energy infrastructure development firm focused entirely on decarbonization through CCS. With teams located in Europe and Asia Pacific, Lapis is actively building a global portfolio of CCS projects. For more information: [www.lapisenergy.com](http://www.lapisenergy.com).

## Forward-Looking Statements

Statements in this release that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; our ability to complete the preferred stock exchange transaction on the terms disclosed or at all and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company's filings with the Securities and Exchange Commission (SEC).

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.

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