



LSB Industries and Lapis Energy File Application for Class VI Injection Permit With EPA for Carbon Capture and Sequestration (CCS) Project at LSB's El Dorado, AR, Facility

February 21, 2023

OKLAHOMA CITY--(BUSINESS WIRE)--Feb. 21, 2023-- LSB Industries, Inc. ("LSB" or "the Company"), (NYSE: LXU) and Lapis Energy LP ("Lapis") today jointly announced the filing of a permit application with the U.S. Environmental Protection Agency ("EPA") to construct a Class VI well as part of their project to capture and permanently sequester carbon dioxide ("CO₂") at LSB's El Dorado, Arkansas facility ("El Dorado"). Class VI wells are used to inject CO₂ into deep rock formations. This long-term underground storage, called geologic sequestration, reduces atmospheric CO₂ emissions and helps to mitigate climate change.

Upon approval of the Class VI permit, Lapis will begin construction on the infrastructure required to capture and sequester CO₂ at El Dorado. The project is targeting the Hosston and the Cotton Valley geologic formations to permanently store the CO₂. Once in operation (target 2025), the sequestered CO₂ is expected to reduce LSB's direct greenhouse gas ("GHG") emissions by approximately 25% from current levels. In addition, sequestering more than 450,000 metric tons of CO₂ annually should allow LSB to produce over 375,000 metric tons of low carbon, or "blue" ammonia annually, a product expected to be more valuable than conventional ammonia. The permanently sequestered CO₂ generated from the facility's ammonia production is expected to qualify for federal tax credits under Internal Revenue Code Section 45Q, which are currently up to \$85 per metric ton of CO₂ captured beginning in 2026.

Reg Manhas, Lapis Energy's CEO, stated, "We are very pleased to have submitted the Class VI permit application to the EPA. We conducted extensive up-front research, computational modeling, and tests in order to confirm the efficacy to permanently sequester CO₂ at LSB's El Dorado facility and believe that the quantity and quality of the data will facilitate the EPA process. This project benefits from the presence of geological formations that provide high-capacity storage with excellent injection potential directly beneath the facility. These conditions allow for a very short pipeline within LSB's property to transport the CO₂ from the ammonia plant. We look forward to working with the EPA towards approval of this important Class VI well application."

Mark Behrman, President, and Chief Executive Officer of LSB Industries, added, "The filing of the Class VI permit is a major milestone in the low carbon ammonia project we are developing with Lapis. We are very excited to progress the transition to what we believe will become a large future market and are proud to be developing the first CCS project announced in the state of Arkansas. This project is very compelling for us from both environmental and commercial perspectives as it will meaningfully reduce LSB's greenhouse gas emissions from ammonia production while enabling us to offer our customers solutions to help them decarbonize their supply chains, particularly those in industrial sectors or those looking to use ammonia as a fuel. We look forward to receiving the EPA's comments to and approval of our Class VI permit application so that we can move forward with our efforts to reduce greenhouse gas emissions."

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.

About Lapis Energy LP

Backed by Cresta Fund Management, Lapis is the Partner of Choice for energy-intensive industries seeking to achieve their carbon goals through the delivery of carbon capture and sequestration (CCS) projects. Located in Dallas and founded in 2020 by a team of industry-leading experts, Lapis is actively building a world-class portfolio of CCS projects within North America. For more information about Lapis, please visit 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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Source: LSB Industries, Inc.