NeuRizer

Towards a Carbon Neutral World

1 April 2022

ASX ANNOUNCEMENT (ASX:NRZ)

BFS Update

NeuRizer Limited ("NRZ" or "the Company") announces that it has completed its Initial Bankable Feasibility Study ('IBFS') for the NeuRizer Urea Project ('NRUP'), as expected in quarter 1 2022.

- NRZ aimed to release the results of the IBFS to the market, however is not permitted to do so in accordance with regulatory requirements and is required to wait until the final bankable feasibility study is completed. We are disappointed with this outcome as we wanted to update the market.
- NRZ has had this IBFS produced to progress funding of its NRUP. Typically, the financing period for a project commences upon completion of a final BFS and a Final Investment Decision (FID) being taken by a company. The production of the IBFS allows the funding period to start immediately thereby avoiding the delays typical of such a project.
- The IBFS will be further refined for final numbers during the remaining period of Front-End Engineering Design (FEED) and updated to produce a final BFS (scheduled for the end of this year). The IBFS and subsequent final BFS is being conducted independently by NexantECA.

NRZ highlights the following strong market fundamentals as confirmed in this IBFS.

- **Global environment:** The global long term outlook for urea is positive with regional developments confirming a clear opportunity for the NRUP.
    - Russia/Ukraine: Russia is the largest supplier of urea worldwide. The current situation is likely to have a long-lasting global impact which only serves to emphasise the need for supply chain security;
    - Security of supply: with the need for supply chain resilience, a domestic producer of urea becomes extremely attractive;
    - Underlying gas price: the gas price had been rising worldwide even before the Russia/Ukraine war. All urea is made from gas this will continue to have an impact on the price of fertiliser;
    - ESG investing worldwide: as the global shift towards ESG investing becomes more pronounced the pool of funds available for investment in gas becomes ever smaller. Inevitably this leads to rising prices.

  The developments in the global environment over the last few years has been resoundingly positive for the NRUP with its own captive gas supply.

- **Strong markets**: Australia's urea demand was 2.6 million tonnes in 2020 and is forecast to grow at an average 1.1 per cent per year. Global urea consumption estimated at 182 million tonnes in 2020 with a forecasted annual growth rate of 1.5 per cent over 30 years. (NexantECA 2022)
- **Sales price**: the prices used are based on NexantECA's forecast netback urea prices based on target market sales plan and destination. Further consideration of the impact of higher gas price on NexantECA's urea price forecasts has been considered. The forecast at the time of preparation, naturally, had not reflected the long-term potential impacts of the Russia-Ukraine situation. Further benefits may be derived from longer term impacts of ESG investing or potential for long-term gas shortages. Both items have only shown their true impacts over the intervening year. Accordingly, we believe these forecasts to be extremely conservative. By way of example the January 2022 urea spot

price (www.Indexmundi.com) was US$846 per tonne whereas the forecast was for US$424 per tonne.

- **Island mode operation:** this refers to the designed ability of the plant to operate in "island mode", that is, as all inputs (gas, water, power, CO_2) are available on site, the costs are not dependent on external market factors. They do not change over the life of the project (excepting inflation). This gives the NRUP a significant advantage in terms of reliability and cost but does come at the expense of some capex. The capex includes supporting infrastructures such as water treatment system, closed cooling water and power generation.

NRZ Managing Director Phil Staveley commented: *"The completion of the initial bankable feasibility study is an important step forward for the NRUP.*

The findings allow us to move one step closer to world leading, carbon neutral, low-cost domestic urea manufacturing capability ready for domestic and export markets."

Aerial view of the proposed plant

The Board of NeuRizer Limited authorised this announcement to be given to the ASX.

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About NeuRizer

NeuRizer (NRZ) is the company responsible for progressing the NeuRizer Urea Project (NRUP). NRUP is a nationally significant project that will deliver low-cost, high-quality nitrogen-based fertiliser ensuring a secure supply for local and export agriculture markets. Located in South Australia, 550 kilometres north of Adelaide, the NRUP will initially produce 1Mtpa of urea fertiliser with potential to increase to 2Mtpa.

NRZ is a certified carbon neutral organisation having been awarded Climate Active certification in March 2022 and is a signatory to the United Nations Global Compact. The NRUP is carbon neutral by design, and the decarbonisation pathway for the NRUP is embedded in the Front-End Engineering and Design (FEED) process to ensure that the NRUP achieves zero carbon operations from first operations in 2025.

The NRUP will significantly increase Australia's sovereign manufacturing capability for fertiliser supporting Australian agricultural food production. The NRUP will strengthen supply chain resilience that will benefit Australian farmers and, to a lesser extent, the industrial sector where urea is used as a supply input (eg. diesel additive (AdBlue), industrial resins, etc.) by reducing the nation's reliance on imports.

The NRUP will be one of the biggest infrastructure projects of its type in Australia, providing long term economic development and employment opportunities ($2,250^{+}$ construction jobs plus $1,200^{+}$ ongoing positions) for the communities of the Upper Spencer Gulf region, northern Flinders Ranges and South Australia.

The NRUP will be the only fully integrated urea production facility in Australia, with all inputs (gas, power and CO_2) for low carbon urea production on-site, meaning NRZ will control both supply and price of these major cost inputs, regardless of prevailing market conditions and supply chain dynamics.

Climate Active Carbon Neutral ORGANISATION

Cautionary Statement

Any forward-looking statements in this document are not guarantees or predictions of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company.