

1 August 2022

ASX ANNOUNCEMENT (ASX:NRZ)

Quarterly Report – June 2022



NeuRizer Ltd (ASX:NRZ) (“NeuRizer” or the “Company”) submits the following Activities Report and Quarterly Cash Flow Statement (Appendix 5B) for the quarter ending 30 June 2022 (“Q4 FY22”)

Highlights

- Take or pay binding offtake agreement with contract value of between \$1.5 billion¹ to \$2.8 billion² signed with Daelim Co Ltd post quarter end
- Strategic investment of US\$10m from DL E&C Co. Ltd, taking a 9% stake in NeuRizer
- Infrastructure Agreement signed with SA government for nominal fee
- Carbon Capture and Storage concept design agreement signed with DL E&C Co. Ltd
- Technology loop closed with final licensors appointed
- Site Operations update

Managing Director comment:

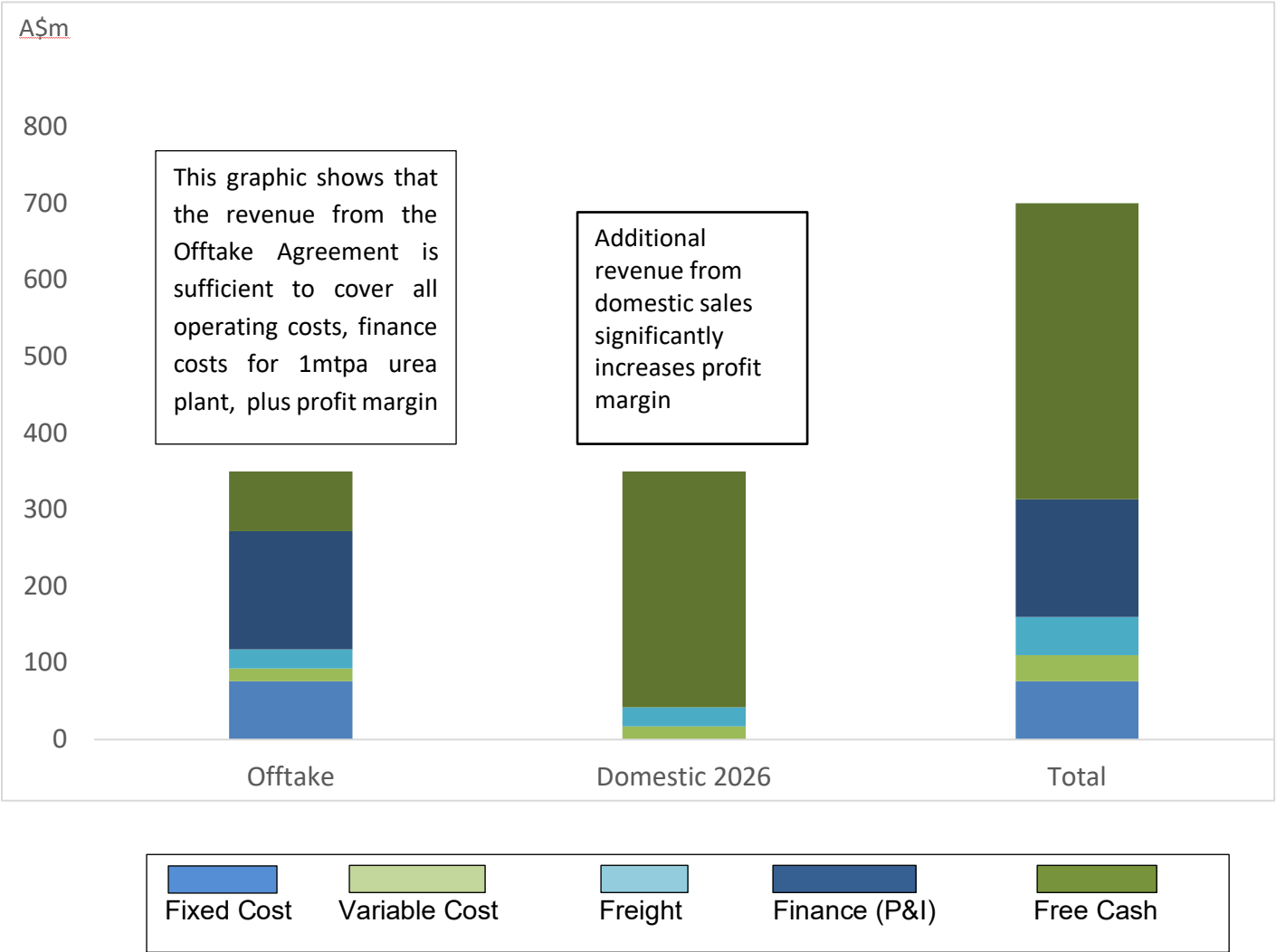
NeuRizer Managing Director Phil Staveley, commented, “Spurred on by continued strong market fundamentals, NeuRizer continues to make progress towards construction and commencement of the NRUP. With all major contractors in place, and the retention of significant expertise through internal and external parties, we are laser-focussed on building this project of national significance.”

“The June quarter has been a particularly busy period for NeuRizer with significant progress being made in progressing preliminary site works and an important show of support by our partner DL E&C Co Ltd (DL E&C) having become a strategic investor in NeuRizer with a 9% stake in the company. Post the end of the quarter NeuRizer was also pleased to announce the signing of a binding offtake agreement with Daelim Co Ltd (Daelim) for 500,000 tonnes of urea annually which represents a contract value of between \$1.5 billion¹ and \$2.8 billion² and a further show of their commitment as our project partner.”

Binding offtake agreement signed with Daelim

Earlier this month NeuRizer confirmed a take or pay binding Offtake Agreement with Daelim valued at \$1.5 billion on CRU¹ forecasted prices (\$2.8 billion at current prices²). This major milestone secured distribution of 50% of the initial annual production target for the first five years to NeuRizer’s long-term strategic partner and significant shareholder DL Trading. This agreement provides NeuRizer with the certainty of revenue that is required for project financing and is likely to be the only offtake agreement required to secure construction funding (see below graphic). NeuRizer is in a position to then leverage prevailing market rates for the remaining 50% of urea produced.

FINANCIAL IMPACT OF OFFTAKE AGREEMENT



Based on CRU forecast of 2025 urea prices

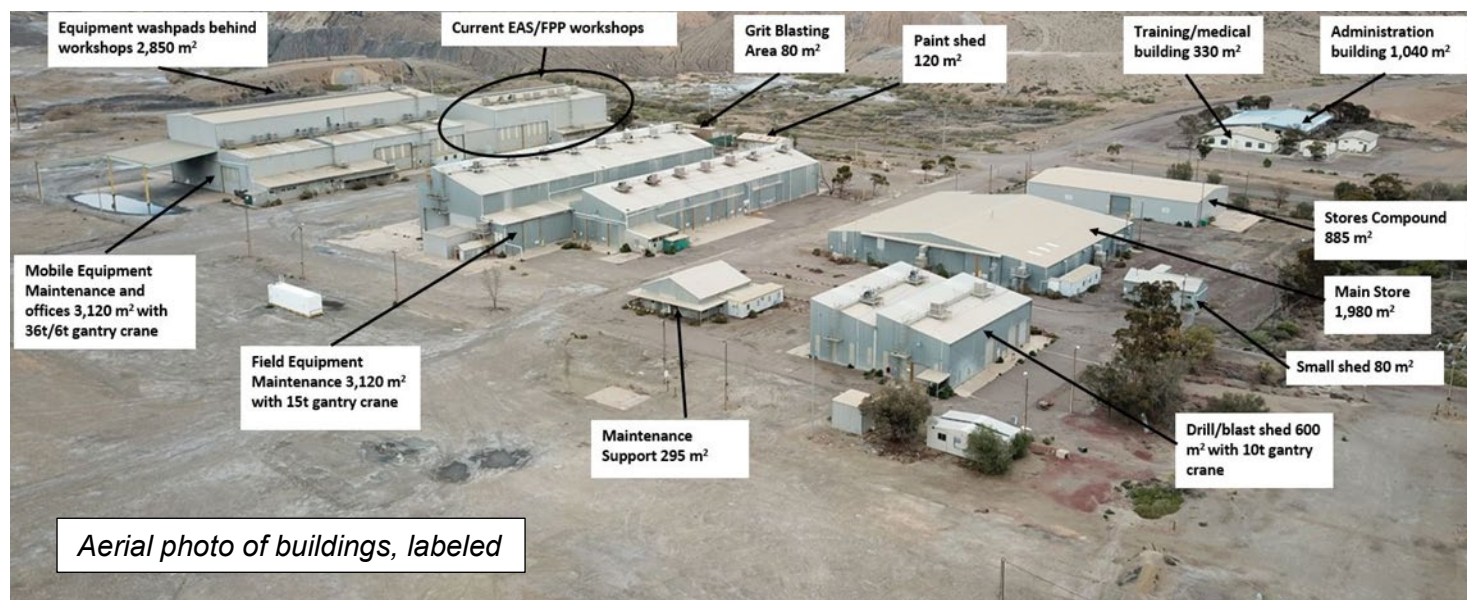
1. CRU is an independent forecast team which publishes the urea commodity price on a quarterly basis covering production, demand and trade as well as global capacity and includes key benchmarks over a 5-year period and long-term forecast that includes a 25-year forecast.
2. Index Mundi Urea Monthly Price. Index Mundi is a comprehensive data portal gathering data from multiple sources such as Fertilizer Week, Fertilizer International, and The World Bank, and is based on Index Mundi April/May 2022 datasets.

Strategic Investment completed

On 23 June DL E&C signed an agreement with the Company making a **strategic investment in NeuRizer** by investing US\$10m. This investment gives DL E&C a substantial shareholding of approximately 9% of the issued capital of the Company. NeuRizer welcomes DL E&C as a long-term shareholder and our valued project partner.

Infrastructure Agreement with South Australian Government

On 17 June the Company signed an **Infrastructure Agreement** with the South Australian Government giving NeuRizer exclusive use of the existing infrastructure at the site of the NRUP for a nominal fee. This agreement will fast track the project as much of the infrastructure required will now not need to be built from the ground up. NeuRizer estimates cost savings of \$50-70 million to the NRUP as a result. The Company will commence upgrading the infrastructure immediately.



Significant progress made during the quarter

The following provides detail on key milestones achieved by the NeuRizer team during the period.

Carbon Capture and Storage

The Company entered into a Preliminary Agreement with DL E&C for the concept design and Front-End Engineering and Design (FEED) for a **Carbon Capture and Storage** (CCS) facility for its NRUP. The CCS is a key component of the NRUP's carbon neutral by design approach and a key differentiator for NeuRizer's urea product in both domestic and export markets.

Top Tier Project Partner appointments

NeuRizer appointed top tier international company Kellogg Brown and Root (KBR) as the ammonia licensor for the NRUP. KBR is a distinguished technology and engineering company that will provide high-quality advice and support that is needed for the Basic Engineering Design (BED) and post-BED services, as well as supply the necessary equipment for the ammonia manufacturing plant.

The final major technology milestone was achieved with Urea Licensor Stamicarbon being appointed along with Merichem for sulphur removal. Stamicarbon is the global market leader in the design and development of fertiliser plant technologies, with urea, green ammonia and nitric acid being their core business. The company has overseen 250 projects through to commissioning and provides full life cycle services to a number of these plants to ensure optimised performance and to decrease unplanned stoppages.

Urea Market Update

The global long-term outlook for urea is positive with international developments confirming a clear opportunity for the NRUP, for both export and domestic distribution and sale.

The fundamental economics of global urea production have been significantly impacted by a number of factors, all combining to reduce global supply chain capacity and reliability. These factors include:

- Increasing world population causing the need for more, higher quality food to be produced from less arable land;
- a rising underlying gas price for overseas manufacturers, increasing their cost base;
- decreasing gas exploration, meaning gas feedstock supplies are not being added to;
- lack of investment in new fossil fuel projects constricting supply;
- the Russian invasion of Ukraine;
- the China ban on exporting urea; and
- persistent supply chain disruptions and backlogs due to the pandemic.

The impact of these factors on supply chains for Australian farmers places greater reliance on domestic manufacture of urea as a critical input into Australian agricultural production systems and has attracted the attention of the federal and state governments who are seeking to increase the security of supply and sovereign manufacturing capability of this essential agricultural input.

With Incitec Pivot's Gibson Island manufacturing plant closing at the end of December 2022, there has never been a greater need for domestic capability that is immune to external market factors.

Site Operations Update

Operations commenced on site in early May 2022 for the gas field development program which will provide the feedstock for the NeuRizer Urea Project.

The Stage 1 investigation drilling campaign began with 6 wells targeting two coal seams for evaluation and data gathering. More specific engineering support activities completed during the quarter include:

- Finalised the field development model
- Proprietary technology - Initiation tool development in progress
- Finalising the inlet and outlet process well designs
- Long lead procurement items complete
- Development of gasification process models completed for commercial operations
- Activity notification for seismic control lines approved for 2D and 3D with the data being processed



Velseis seismic operations equipment on site



Velseis seismic operations equipment on site

More specific site works activities completed during the quarter include:

- Activity notification for investigation drilling received
- Construction of the main drilling pads and associated infrastructure
- Investigation drilling included the core sampling and as well repurposing the wells as monitoring wells for operation
- Silver City Rig #4 mobilised with geotechnical drilling in progress
- Core sampling to collect coal quality data to later update the geological model and upgrade the Petroleum Resources Management System (PRMS) gas resources and reserves.
- Ongoing water monitoring to confirm no fluid flow path

*Silver City Rig 4,
rigged up on
location.*

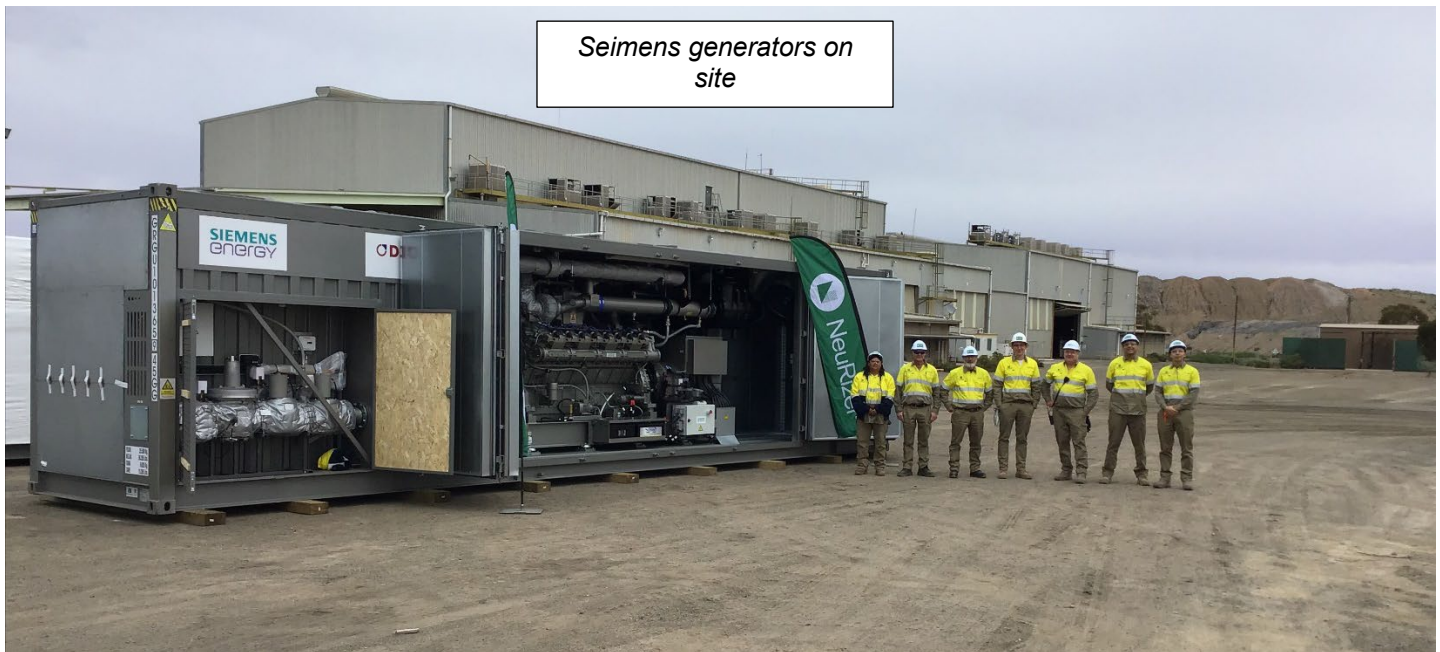
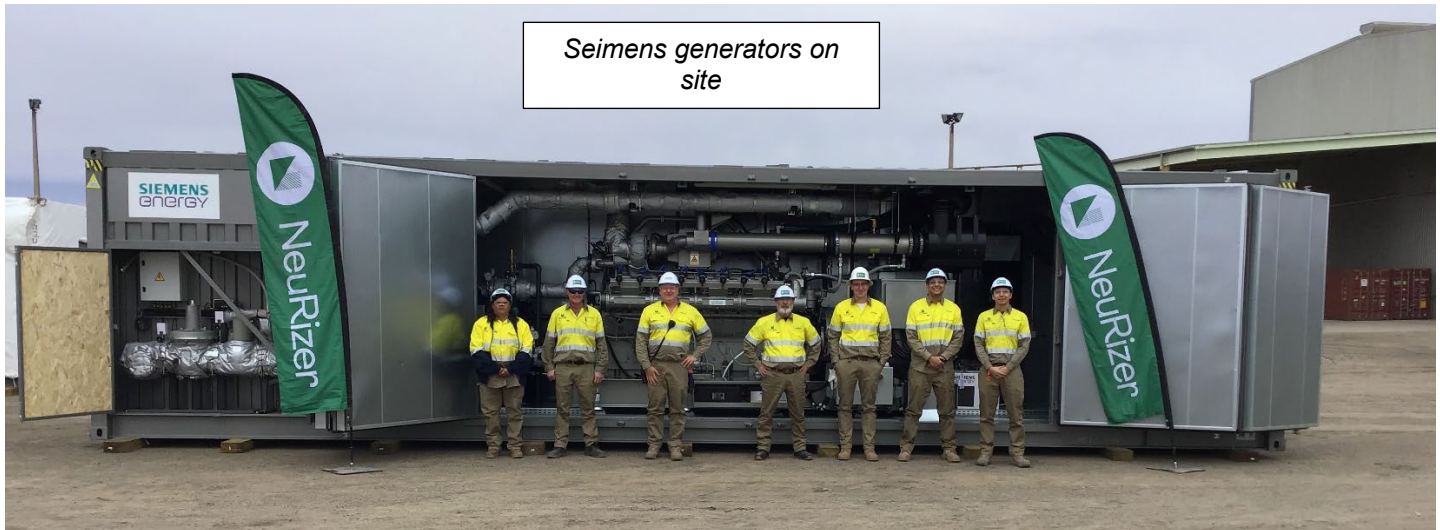


*Silver City Rig 4 and the
associated well pad.*



Above ground engineering activities during the quarter include:

- Siemens power plant engines and all components arrived in Australia, cleared customs and quarantine and have been transported to site
- Plant process skid engineering completed
- Process equipment selection and technical evaluations complete
- Fabrication/construction tenders under preparation



Finance & Corporate

The private placement to DL E&C as mentioned above has raised approximately A\$14.6m (US\$10m at \$0.15 per share) since the end of the quarter. This will be used for working capital and project costs leading into the FID for the project. The settlement date for the placement was 6 July 2022.

During the quarter the remainder of the shares due to Energy Exploration Capital Partners, LLC (EECP) for the First Investment were issued. NeuRizer has now received the Second Investment of net \$3.9m from EECP with the shares for the Second Investment due to be issued when we are notified by EECP. In accordance with the agreement with EECP, payment of the third tranche has been postponed, with the existing shareholder approval having now lapsed. EECP's investment was detailed in the announcement to the market on 17 December 2021.

The accompanying Appendix 5B (Quarterly Cashflow Report) includes a summary of cashflow inflows and outflows for the quarter, including amounts in item 6.1 which include executive and non-executive director fees paid as salaries and wages.

Tenements

Cooper Basin tenement update

As announced on 11 May Santos Limited (“Santos”) will farm-in and take operatorship of Cooper Basin oil and gas permit Authority to Prospect (ATP) 2023. Santos and Bridgeport have recently completed negotiations for Santos to farm-in and take over operatorship of permit ATP 2023. As a result, interests in ATP 2023 will be as follows - Santos 50% (Operator), Bridgeport 30% and Leigh Creek Oil and Gas 20%.

The tenements held by the Company at the end of the quarter are shown in the table below:

Tenement	Percentage Interest	Grant Date	Location
Petroleum Exploration Licence 650	100%	18 November 2014	Leigh Creek, SA
Petroleum Exploration Licence Application 582	100%	Application Approved	Finniss Springs, SA
Petroleum Exploration Licence Application 643	100%	Application Approved	Callabonna, SA
Petroleum Exploration Licence Application 644	100%	Application Approved	Roxby Downs, SA
Petroleum Exploration Licence Application 647	100%	Application Approved	Leigh Creek, SA
Petroleum Exploration Licence Application 649	100%	Application Approved	Oakdale, SA
Petroleum Exploration Licence Application 675	100%	Application Approved	Cooper Basin, SA
Petroleum Exploration Licence 676	100%	2 September 2021	Cooper Basin, SA
Petroleum Retention Licence 247	100%	5 June 2020	Leigh Creek, SA
Petroleum Production Licence 269	100%	24 November 2020	Leigh Creek, SA
Gas Storage Exploration Licence 662	100%	5 February 2016	Leigh Creek, SA
Authority to Prospect 2023	0%	8 April 2020	Cooper Basin, SA
Authority to Prospect 2024	0%	8 April 2020	Cooper Basin, SA

The two ATPs are awaiting registration of the transfer of 20% interest to NRZ.

The NRZ Board has authorised this announcement for release to the ASX.

Further Information

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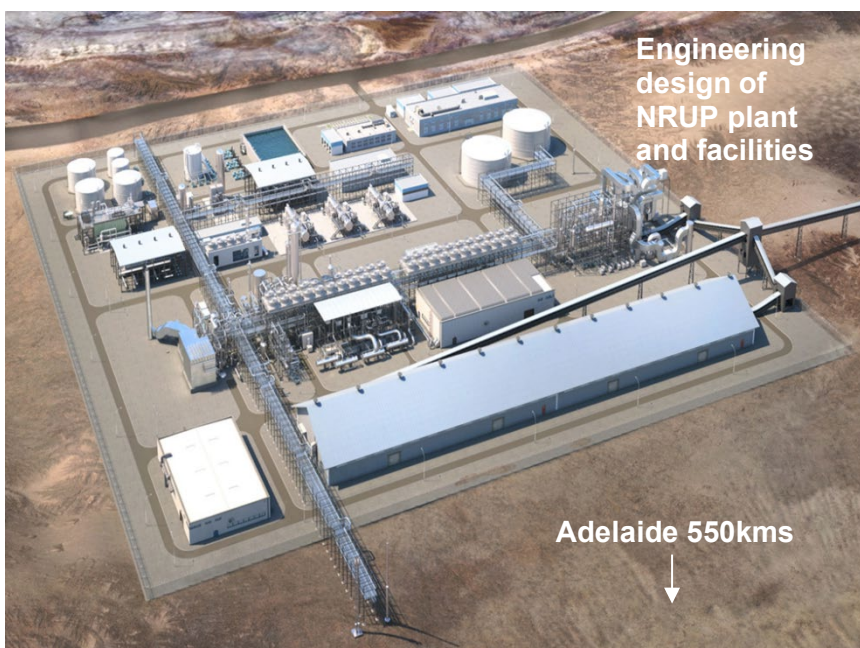
About NeuRizer Ltd

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 CO₂) 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.

NeuRizer

TOWARDS A CARBON NEUTRAL WORLD

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Adelaide SA 5000

neurizer.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

NEURIZER LTD

ABN

31 107 531 822

Quarter ended ("current quarter")

June 2022

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(1,154)	(3,233)
	(e) administration and corporate costs	(2,913)	(6,983)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(4,066)	(10,214)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(120)	(178)
	(d) exploration & evaluation	(6,905)	(26,838)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other – investment in long-term bank deposits	-	(630)
2.6	Net cash from / (used in) investing activities	(7,025)	(27,646)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,809	16,188
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	30
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(191)	(563)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(82)	(165)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	5,536	15,490

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,998	22,813
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,066)	(10,214)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,025)	(27,646)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,536	15,490

Consolidated statement of cash flows		Current quarter \$ A'000	Year to date (12 months) \$ A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	443	443

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$ A'000	Previous quarter \$ A'000
5.1 Bank balances	443	5,792
5.2 Call deposits		206
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	443	5,998

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	321
6.2 Aggregate amount of payments to related parties and their associates included in item 2	
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Explanation:</p> <p>Executive and Non-Executive Directors fees.</p>	

7. Financing facilities	Total facility amount at quarter end \$ A'000	Amount drawn at quarter end \$ A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	15,000	11,400
7.4 Total financing facilities	15,000	11,400
7.5 Unused financing facilities available at quarter end		3,600
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
As per ASX Announcement 17 December 2021, the Company entered into a share placement agreement with Energy Exploration Capital Partners, LLC to raise net proceeds of \$15m. \$11.4m had been received at 30 June 2022.		

8. Estimated cash available for future operating activities	\$ A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,066)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(6,905)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(10,971)
8.4 Cash and cash equivalents at quarter end (item 4.6)	443
8.5 Unused finance facilities available at quarter end (item 7.5)	3,600
8.6 Total available funding (item 8.4 + item 8.5)	4,043
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.37
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, additional funding for operations has been received as per the ASX Announcement 23 June 2022 "DL E&C Co Ltd (Daelim) takes 9% strategic investment in NRZ".	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, as per 8.8.2 above.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 1 August 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.