

ASX Announcement (ASX: NRZ)

Friday, 28 April 2023



## QUARTERLY REPORT – MARCH 2023

NeuRizer Ltd (ASX:NRZ) (“NeuRizer” or the “Company”) submits the following Activities Report and Quarterly Cash Flow Statement (refer attached Appendix 5B) for the quarter ending 31 March 2023.

### Highlights

- Research and Development Advance Finding
- Strategic partner negotiations
- Update on FEED and BFS progress
- Cultural Heritage Agreement

### Research and Development Advance Finding

NeuRizer announced on 22 December 2022 that it had secured a “Certificate for Advance Finding” from AusIndustry (Federal Government) for Stage 1 of the NeuRizer Urea Project (“NRUP”), covering the 2021/2022 income tax year and two subsequent years.

The Advanced Finding relates to estimated eligible expenditure of \$70.7m to be incurred on Stage 1 of the NRUP, which entitles NRZ to a refundable tax offset, or cash rebate at the rate of 43.5% of costs incurred. This equates to an approximate \$30.8m rebate.

Furthermore, on 13 February 2023, NeuRizer announced it had secured a \$4.0m facility against its refundable tax offset for the 2021/2022 financial year. The applicable tax rebate has now been received and the facility paid out according to the terms and conditions of the arrangement.

### Strategic Partner

NeuRizer continues further negotiations for a potential strategic partner. These negotiations have only come about after the results of extensive due diligence. In order to get the best outcome for the Company and its shareholders, Barrenjoey Capital Partners were appointed as advisor to any potential transaction (refer ASX Announcements dated 10 and 15 March 2023).

These negotiations remain ongoing. During this time several potential strategic partners have approached the Company in the intervening period.

## Operations Update

NeuRizer's last quarter has continued to deliver progress for its fully integrated gas, electricity, water, fertiliser and CO<sub>2</sub> sequestration project.

### FEED and Feasibility study progress

FEED and BFS were progressed during the quarter with EPC contractor DL E&C having completed process engineering deliverables and continue to develop Urea Processing Plant (UPP) project CAPEX.

After the HAZOP held in Seoul during Q4 2022, a detailed HAZOP study report has been prepared for licensed process units and utilities & offsites. A quantitative risk assessment draft has also been submitted for review.

Vendor proposals for process equipment, packages and fabrication have been obtained and the project capex is being developed. DL E&C continued to work with various Australian construction partners under early contractor involvement and are developing construction costs.

NRZ and DL E&C have identified various value engineering opportunities, which are being reviewed as project capex is developed.

Key deliverables relating to EPC, have been submitted for review and agreement. A detailed inspection and testing schedule is also being developed ensuring that plant performance metrics and commissioning requirements are defined and agreed.

### Upstream (Gas Field)

- Approvals – PGE Act - Stage 4 - final public consultation planned for early Q3 2023.
- 3D seismic campaign has been finalised – we are awaiting the interpretation of the seismic data to finalise the last stage for gas field operations design (wells and gasifiers).
- Vendor proposals for long lead above ground gas production and processing equipment are under review.

### Downstream (Ammonia and Urea plant)

- Approvals – NeuRizer and its development consultant EMM held further meetings regarding draft Assessment Requirements, prior to review by the State Planning Commission.
- NRUP EIS development is ongoing with various technical studies underway in anticipation of receipt of final assessment requirements.

### Supply chain (Rail and Port)

- Rail – NRZ has submitted a business case for rail access between Leigh Creek and Port Augusta and attended follow up meetings with State Government agencies.
- Rail – Options for rail maintenance and operation are being investigated and discussions with rail service providers are underway.
- Port –discussions with port facility owners and managers are ongoing, and NRZ continue to assess required port infrastructure for construction and urea distribution.

## Cultural Heritage Clearance

An Aboriginal archaeological heritage site clearance survey of land proposed for fertiliser production for the NeuRizer Urea Project (NRUP) was conducted in late 2022.

The final report for this survey has been received, with favorable results enabling NRZ to progress with the required geotechnical investigations. The survey was conducted across the proposed project areas, including the urea production plant, temporary supporting facilities, and accommodation camp. See Figure 1 below.

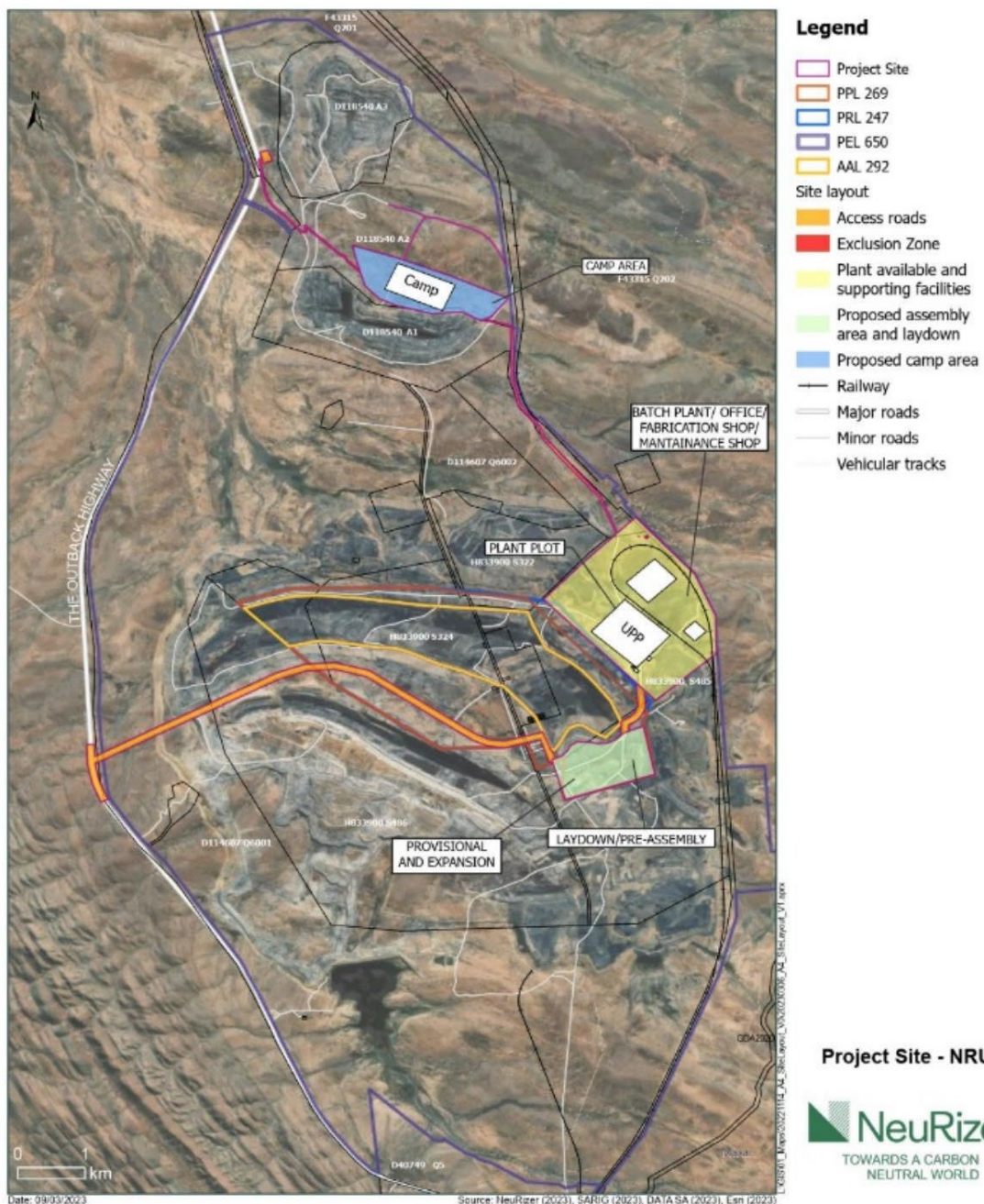


Figure 1 – NRUP Project Areas

## Site Facilities

- Refurbishment of the buildings licensed to NeuRizer by the South Australian government (refer ASX announcement 20 June 2022) is ongoing. NRZ have moved site offices and relocated site personnel from the PCD office to the administration building. See Figure 2 below.
- Stage 1 Background Monitoring wells are active and collecting baseline data.



Figure 2 – NeuRizer Site Office

## Finance and Corporate

The accompanying Appendix 5B (Quarterly Cashflow Report) includes a summary of cash inflows and outflows for the quarter.

During the quarter, the Company completed a placement of 17.4 million shares at an issue price of A\$0.08 per share, with a range of sophisticated and institutional investors, to raise \$1.4 million before costs (refer announcement 6 March 2023).

## Subsequent Events

The cash flow continues to be carefully managed to minimise further capital raises and, to the extent possible avoid the inherent dilution. Additional funding opportunities continue to be developed and the funding therefrom will be announced at the appropriate time.

## Tenements

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

## Further Information

### Investor Relations and Media Enquiries

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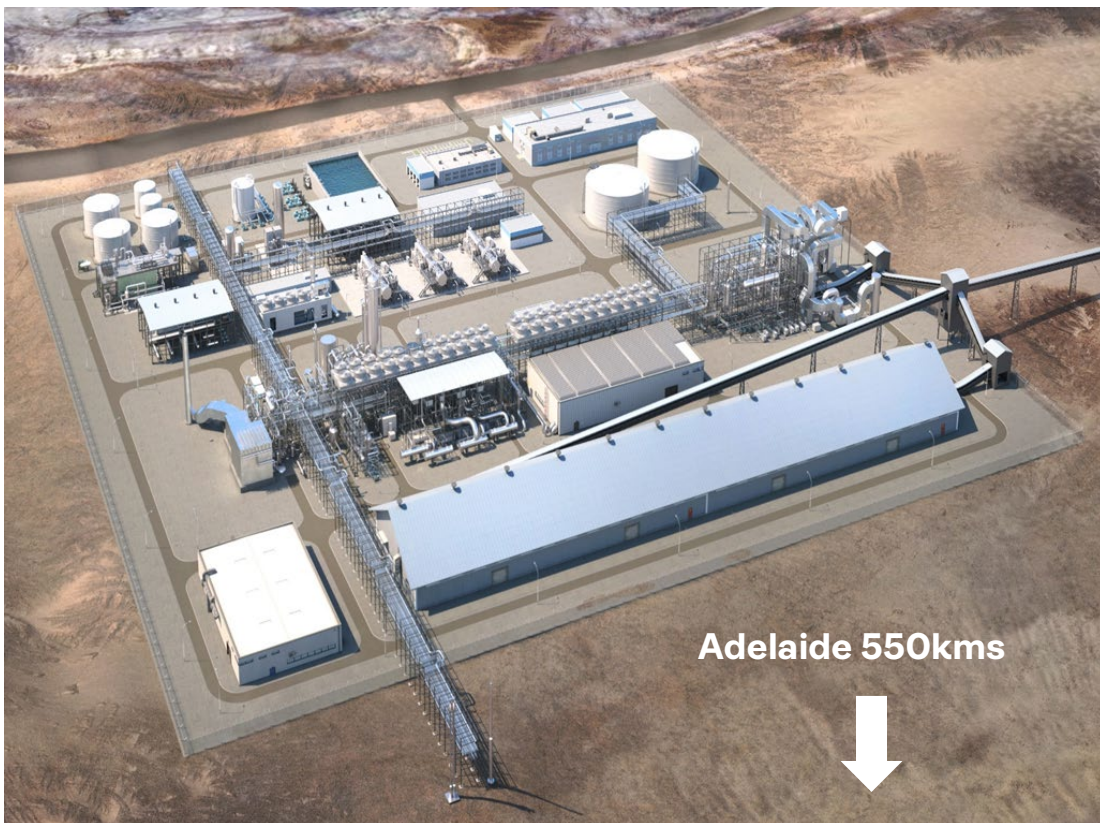
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## About NeuRizer Ltd

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 (2,000+ construction jobs plus 2,450 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<sub>2</sub>) 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.

## A message for NRZ Shareholders

Our company is committed to being a carbon neutral organisation and successfully achieved this in March 2022. To assist us in continuing to reduce our CO2 footprint, we are asking all our shareholders to provide an email address to receive their communication online. This assists NeuRizer achieving a lower CO2 footprint and contributes to global target in line with the Paris Agreement.

Please go to: [www.computershare.com.au/easyupdate/NRZ](http://www.computershare.com.au/easyupdate/NRZ)

## 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")

March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(1,752)	(4,600)
(e) administration and corporate costs	(612)	(3,360)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,363)</b>	<b>(7,959)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	-	(122)
(d) exploration & evaluation	(3,377)	(22,979)
(e) investments		
(f) other non-current assets		



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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 – movements in long-term bank deposits	-	530
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3,377)</b>	<b>(22,571)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,345	23,382
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(38)	(413)
3.5 Proceeds from borrowings	4,190	7,503
3.6 Repayment of borrowings	(209)	(219)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>5,288</b>	<b>30,253</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	618	443
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,363)	(7,959)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,377)	(22,571)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,288	30,253

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>166</b>	<b>166</b>

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	166	618
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>166</b>	<b>618</b>

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	445
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

**Explanation:**

Executive and Non-Executive Directors fees.

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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)	20,000
7.4	<b>Total financing facilities</b>	20,000
7.5	<b>Unused financing facilities available at quarter end</b>	5,000
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 Announcements dated 17 December 2021 and 5 September 2022, the Company entered into a share placement agreement with Energy Exploration Capital Partners, LLC (EECP) to raise proceeds of \$15m, with an option of an additional placement of \$5m on the agreement of the investor. \$15m had been received at 31 March 2023.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>	
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,363)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,377)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,740)
8.4	Cash and cash equivalents at quarter end (item 4.6)	166
8.5	Unused finance facilities available at quarter end (item 7.5)	5,000
8.6	Total available funding (item 8.4 + item 8.5)	5,166
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.90
<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?	
	No, NeuRizer has implemented several cost reduction initiatives to reduce outgoings.	
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?	
	In April, the Company received a tax refund for FY22 of net \$1.18 million. The entity is also in further discussions regarding a number of additional funding options, including the debt funding of eligible FY23 Research & Development expenditure incurred to date.	

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

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 8.8.1 and 8.8.2 above.

*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.*

### 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: 28 April 2023

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.