

ASX Announcement (ASX: NRZ)

30 April 2024



Quarterly Report – March 2024

NeuRizer Ltd (ASX:NRZ) ("NeuRizer" or the "Company") submits the following Activities Report and Quarterly Cash Flow Statement (refer to attached Appendix 5B) for the quarter ending 31 March 2024.

Corporate Update

The Company has undertaken a comprehensive review of the Company's ongoing expenditure to maximise its financial position. In this regard, the following decisions have been taken:

1. The Company is working to finalise the relocation of its business premises to a smaller tenancy that is more suitable in the same building so as to make significant annual savings. Once completed, the Company will update the market on its new address.
2. The Company announced on 2 April 2024 that it had reached an agreement on the sale and leaseback of the Company's four Siemens diesel generators for \$2.0m (excluding GST), with the leaseback being for a period of two years, with monthly repayments being approximately \$83,000.
 - a. Raising this capital without issuing shares is significantly positive for shareholders.
 - b. Retaining use of the generators is beneficial to the Company.
3. The Company is actively pursuing other asset sales opportunities including the sale of properties owned by the Company at Leigh Creek.
4. Further reductions in the workforce continued over the quarter to reduce monthly costs.

Meijin Energy Investments

The Company continues to prioritise progress with Meijin Energy Investments (MEI) on work in China and Mongolia.

On 1 June 2023, the Company announced the signing of a contract with MEI (part of the Meijin Group in China) and NRZ to conduct an assessment of 2 sites owned by Meijin, and then following this assessment the intention is to complete further agreements formalizing a joint venture agreement, license agreement and operations agreement between both parties to produce hydrogen through the in-situ gasification process. It is also proposed that MEI enter into a license agreement where MEI will pay NRZ a fee of USD25m per site for the non-exclusive use at the relevant site of know-how and intellectual property.

On 27 July 2023, the Company provided a further update on the sites identified in China and Mongolia.

The Company continues to work with Meijin on these projects, including further discussion on the proposed sites, JV structure and commercialization process. As a result of these discussions, the parties have identified several ways to accelerate the process, leading to further agreements and the benefiting of the resource. Meetings were held in China in the last week of April where significant progress has been made. However, no further definitive agreements have been reached on the commercial development of these sites, and there is also no certainty regarding the outcome of these discussions.

Partnership with Samsung C&T

On 6 February 2024, the Company announced the signing of a term sheet for the negotiation in good faith of a Sales and Marketing agreement with Samsung for the Australian urea market. The intention of the term sheet is for both parties to sign a definitive agreement regarding the marketing by and sale to Samsung of up to 100,000 tonnes per year of urea from the NRUP, which could be increased to up to 300,000 tonnes per year.

As detailed in this announcement, the term sheet is NRZ's first collaboration with Samsung with the potential for additional collaborations in the future.

On 21 February 2024, the Company noted a possible early urea distribution arrangement between NRZ and the reputable international trader where the parties were discussing the purchase and resale of a substantial initial shipment of urea, which would be profitable for both parties. As these discussions are at an early stage, a formal agreement may not eventuate. These discussions are ongoing, and NRZ continues to investigate potential buyers and storage and transport details to determine suitability.

NRUP Stage 2 Operations and Project Update

NeuRizer continues to work with the Engineering and Procurement contractor and partner (DL E&C Co Ltd - DL) on the Bankable Feasibility Study.

NeuRizer announced on 21 February 2024 that it had agreed with DL to change the manner of contracting for the NRUP, resulting in further work being required for a satisfactory feasibility study to be completed.

The development contract for the NRUP will now be in two parts: an engineering and procurement contract (expected to be awarded to DL once agreement as to cost is reached and a final investment decision is taken) and a construction and commissioning contract likely to be directly between NeuRizer and a construction company of NeuRizer's choosing, following a competitive bidding process.

This approach aims to significantly reduce the project's overall cost and improve the return on investment and internal rate of return. Work to complete the construction costs in the Final Feasibility Study is progressing well. The focus of this work is on cost optimisation for the construction cost component of the NRUP as NeuRizer is comfortable that DL's CAPEX cost estimates for engineering and procurement for the NRUP is accurate and reliable.

The Company continues to work on potential strategic transactions (refer above and ASX release dated 15 April 2024) with the aim of generating positive cash flows. If successful, this will enable the Company to meet

its obligations with DL. For full details of the amounts owing to DL refer to the Company's Half-Year Accounts (released on 11 April 2024).

NRUP Stage 1 Update

The Company continues to await further information from the Department of Climate Change, Energy, Environment and Water regarding the scope of the assessment required under the *Environment Protection and Biodiversity Act 1999* (Cth). The Company is ready to progress with the required documentation once the requirements are known.

In response to the delays in Stage 1 of the NRUP, the Company has decided not to continue as a Climate Active carbon-neutral organization. As the Company is not sure when operations can recommence, the Company is optimizing its costs and is not currently willing to pay the cost of maintaining the certification (including the data gathering, reporting, and auditing requirements and purchasing of further carbon offsets). The Company intends to recommence the process for obtaining and maintaining Climate Active carbon neutral organization certification when the NRUP is back in operation at a later date. The Company has also not renewed its association with the United Nations Global Compact.

Finance and Corporate

The accompanying Appendix 5B (Quarterly Cashflow Report) includes a summary of cash 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.

During the quarter, the Company incurred \$186k on exploration and evaluation activities, with the majority relating to capitalised labour costs, site maintenance, and other minor operating costs.

The Company announced on 12 February 2024 that NeuRizer's Company Secretary of nine years, Ms. Jordan Mehrtens, had been made a non-executive Director of the Company.

Tenements

Tenement	Percentage Interest	Grant Date	Location
Petroleum Exploration Licence 650	100%	18 November 2014	Leigh Creek, SA
Petroleum Production Licence 269	100%	24 November 2020	Leigh Creek, SA
Associated Activities Licence 292	100%	24 November 2020	Leigh Creek, SA
Petroleum Retention Licence 247	100%	5 June 2020	Leigh Creek, SA
Gas Storage Exploration Licence 662	100%	5 February 2016	Leigh Creek, SA
Petroleum Exploration Licence Application 647	100%	Application Approved	Leigh Creek, SA

NeuRizer

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

Further Information

Investor Relations

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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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(260)	(1,538)
(e) administration and corporate costs	(157)	(945)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	23
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	(410)	(2,460)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(186)	(1,750)
(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	2,000	2,017
	(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 – R&D rebate received	-	3,050
2.6	Net cash from / (used in) investing activities	1,814	3,317

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,722
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	(1)	(1)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(248)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		(2,100)
3.7	Transaction costs related to loans and borrowings		(190)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(1)	183

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	847	1,210
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(410)	(2,460)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,814	3,317
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	183

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		
4.6	Cash and cash equivalents at end of period	2,250	2,250

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	2,250	2,250
5.2	Call deposits	-	-
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)	2,250	2,250

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	199
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

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. 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)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(410)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(186)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(595)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,250
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,250
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.78
<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?	
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?	
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?	
<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: 30 April 2024

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 – e.g., 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.