

NeuRizer

NeuRizer Urea Project

A Project of National
Significance

July 2022

ASX:NRZ

TOWARDS A CARBON NEUTRAL WORLD

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Gas Resources Compliance Statement

The PRMS resources estimates stated herein are based on, and fairly represent, information and supporting documentation prepared by Timothy Hower of MHA Petroleum Consulting, Denver USA. MHA Petroleum Consultants LLC is now part of Sproule International Limited. Mr. Hower is a member of the Society of Petroleum Engineers and has consented to the use of the Resource estimates and supporting information contained herein in the form and context in which it appears. All estimates are based on the deterministic method for estimation of petroleum resources.

NeuRizer is not aware of any new information or data that materially affects this information and all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed

Mineral Resource Compliance Statement

Estimates of Mineral Resources reported in this announcement are based on the latest information and data available. The recently updated Geological Model and JORC Resource Estimation report, prepared by Warwick Smyth and Lynne Barwell of GeoConsult Pty Ltd during March 2019 was used in this latest PRMS estimation. A copy of the GeoConsult report on the updated Geological Model and JORC Resource Estimation is available to view at www.nrz.com.au.

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NeuRizer Ltd Overview

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Carbon Neutral project from 2022 and embedded ESG credentials



ASX listed company developing its NeuRizer Urea Project (NRUP), 550km north of Adelaide, South Australia



Developing low-cost, carbon neutral, nitrogen-based fertiliser for local and export agriculture markets



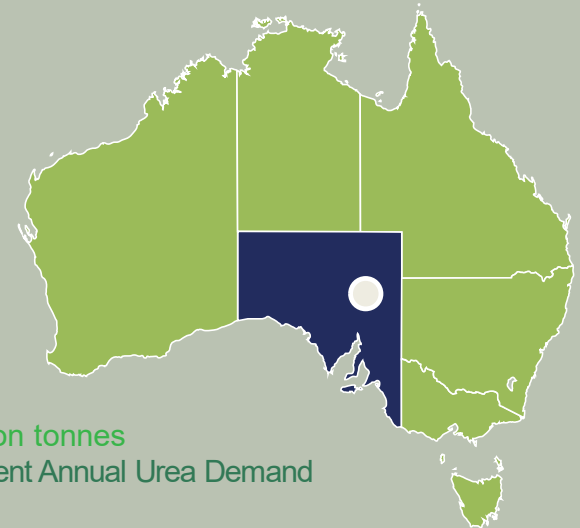
The NRUP will initially produce 1Mtpa (potential to increase to 2Mtpa) of urea from a dedicated facility at a cash cost of A\$109/t



The NRUP is expected to be the only fully vertically integrated urea production facility in the world, with all major inputs located on-site
Vertical integration eliminates commodity and supply risks associated with buying gas and power



Australian produced urea will avoid the risks and costs associated with transport, commodity prices, import logistics and exchange rates



2 Million tonnes
Current Annual Urea Demand

95%

of domestic urea demand is imported¹

Benefits

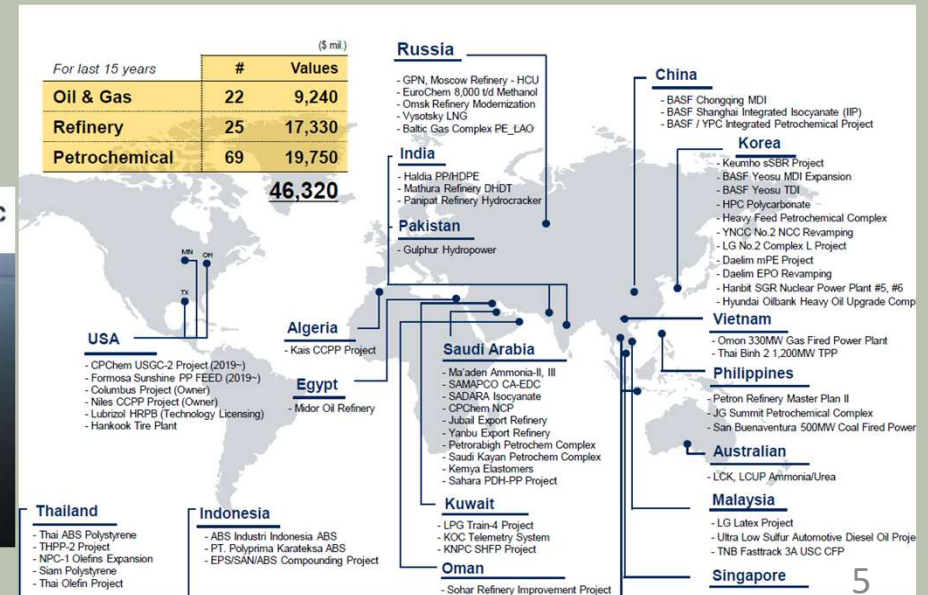
- ✓ Carbon Neutral
- ✓ Domestic production
- ✓ Competitive price
- ✓ Australian jobs

¹ Source: Fertiliser Australia <https://www.fertilizer.org.au/Fertilizer-Industry/Australian-Fertilizer-Market>

Daelim – Global Partner

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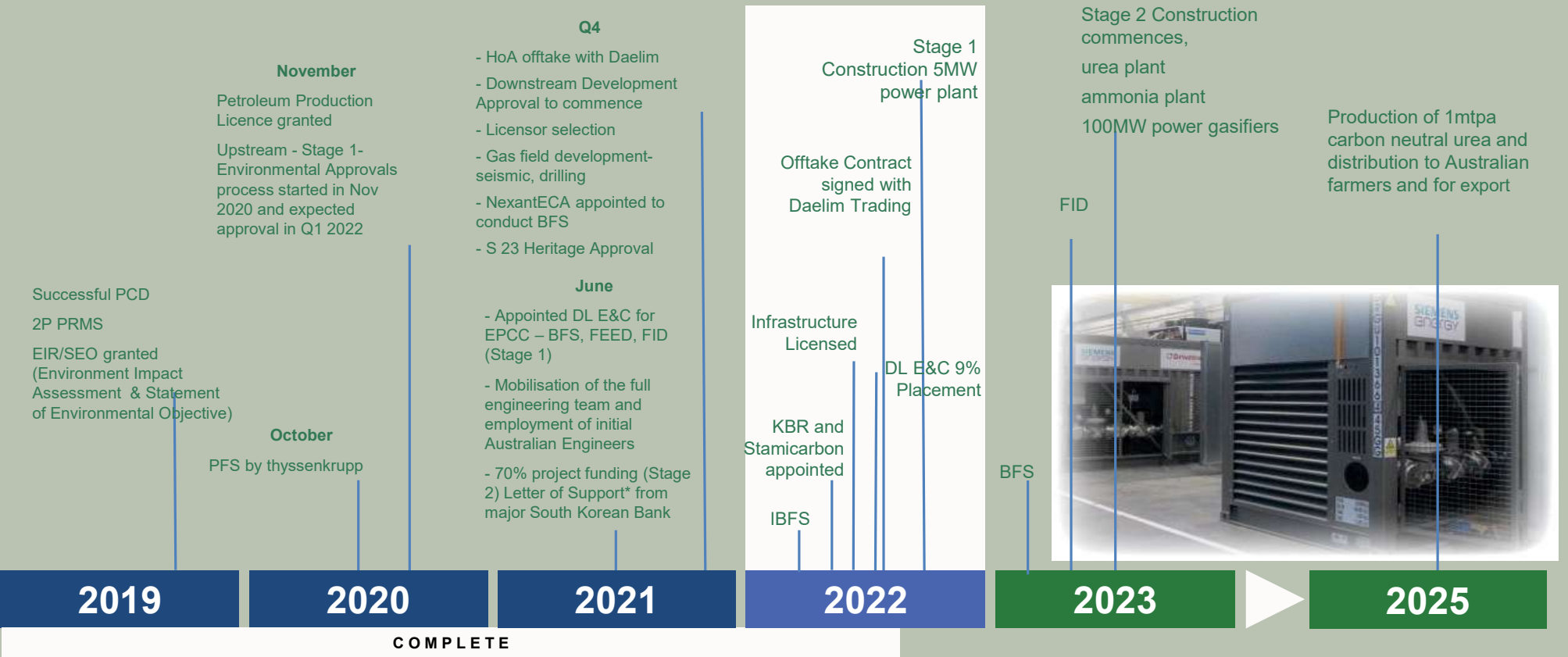
- Lumpsum, turnkey EPCC contractor – FEED, BFS, EPCC
- Daelim facilitated A\$1.5 Bn of funding* (70% of urea capex)
- Offtake agreement for 50% of production signed - \$1.5B
- Daelim a strategic investor in NRZ – 9% stake
- Carbon capture co-operation agreement signed



* Letter of Support subject to FID and to be agreed commercial terms

Key Milestones met

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* Letter of Support subject to FID and to be agreed commercial terms

Key Developments

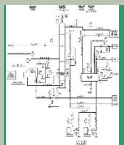
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Regulatory



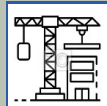
- Petroleum commercial production licence and heritage approvals obtained



Technology



- Technical capability proven - successful operation of the Pre-Commercial Demonstration plant and faultless post operation environmental monitoring
- KBR providing the ammonia expertise and Stamicarbon the urea – both best in class/top tier global partners



Construction



- Stage 1 - Small scale, up to 5MW, power plant being acquired and installed – internal power use
- Stage 2 - Urea plant construction under fixed price, turnkey EPCC - DL E&C Ltd (Daelim)



Market



- Strong, growing and sustainable demand for urea – domestic and international
- Underpinned by five year, take or pay offtake with Daelim Trading for 50% of production
- Future proofed through carbon neutral certification



Financing



- Preliminary feasibility study completed - 30% IRR
- Letter of Support from a major South Korean bank issued for up to 70% debt finance for urea project costs facilitated by Daelim
- Combination of project debt, equity and/or strategic partner expected
- Discussions commenced with potential investors for pre-FID funding (up to AUD100m) and balance of funding



Execution



- NRZ key project personnel, top-tier partners all have strong track record in delivering large projects.
- Strong risk based approach gives comfort on delivery

* Letter of Support subject to FID and to be agreed commercial terms

Major risks addressed and mitigated

The Global Urea Market



Urea Crisis

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GRAIN
CENTRAL

April 29, 2022

Growers urged to prepare for higher input prices: Rabo



March 22, 2022

Fertilizer prices are at record highs. Here's what that means for the global economy

yahoo!finance

March 22, 2022

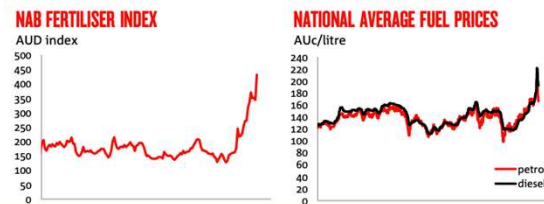
Fertilizer prices just hit a record high sparking fears of global starvation and the worst food insecurity level since World War II



April 29, 2022

Fuel and fertiliser costs among agriculture's key challenges

Beef Central, 29/04/2022



Bloomberg

May 1, 2022

Can the World Feed Itself? Historic Fertilizer Crunch Threatens Food Security

A run-up in prices and shortage of man-made nutrients are forcing the agriculture industry to adapt, and the impact could be severe.

7NEWS

March 23, 2022

Fertiliser prices soar, leaving farmers struggling with cost of production

THE WEEKLY TIMES

Agribusiness > AgJournal

March 22, 2022

Fertiliser prices mean new ways of production and selling are being considered

Fertiliser prices have always bounced around, but after the last few years Aussie production is at a crossroads.

What is Urea?

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- Growing agricultural crops requires nitrogen, phosphorus and potassium (NPK) in large amounts to support both crop yield and quality – nitrogen fertilisers are key
- Urea ($(\text{NH}_2)_2\text{CO}$) is a nitrogen containing fertiliser formed from ammonia and carbon dioxide
- 46% nitrogen - the highest nitrogen content of all solid fertilisers
- Non-hazardous
- Handles well
- Stable
- Safe
- Easy to transport
- Fully soluble in water
- Ideal for low-cost distribution

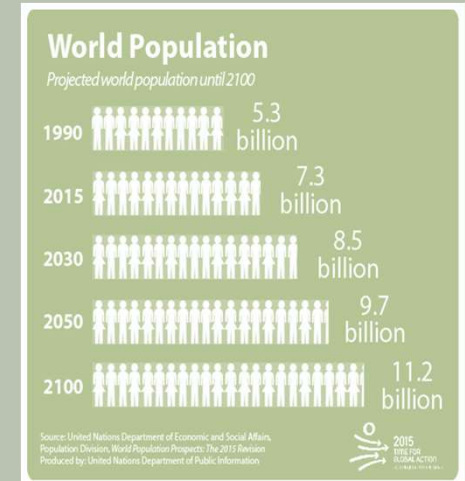


The Global Outlook for Urea

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Population

- The world's population is expected to increase by 2 billion people in the next 30 years, from 7.7 billion to 9.7 billion.
- The extra 2 billion people require living space, reducing the land available for farming
- The world population is becoming typically wealthier thereby increasing the demand for food
- Farmers need to produce more from less – fertiliser demand
- Global fertiliser demand is driven by population growth and GDP growth



Gas

- All urea is made from gas
- Conventional gas supply is diminishing leading to rising cost and prices

ESG

- The world attempts to reduce carbon emissions has led to a rapid increase in ESG investing
- Smaller pool of funds for fossil fuels means lack of supply leading to inevitably higher prices and short supply of gas

Megatrend – Growing population requires more food from less resources 11

The NeuRizer Urea Project



Project Highlights

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1

Disruptive Business Model

1mtpa, lowest quartile global cost curve
Supported by low gas prices from 100% owned 2P reserves
Vertically integrated

2

Commitment to Sustainability

The world's only fully integrated, **carbon neutral** fertiliser project

3

Significant Infrastructure

Site has access to existing infrastructure for transport to domestic and export markets

4

Permits Secured

- Upstream permits secured for production to commence Q1 2023
- Heritage approval secured

5

Quality Project Partners

Daelim appointed as the EPCC contractor and is a world class development Partner - reduces technical and construction risk
Stamicarbon – urea licensor
KBR - ammonia licensor

6

Offtake

- Heads of Agreement (HoA) with Daelim Trading now binding offtake agreement
- Revenue from offtake sufficient to cover requirements from funders

7

Project Funding

Letter of Support* from a major South Korean ECA has been issued to provide debt finance for up to 70% (or approximately AUD 1.5 Billion) of the stage 2 project costs

8

Strong Project Economics

- PFS IRR of 30% at urea price of A\$410/tonne
- Production cost A\$109/tonne
- IBFS completed

* Letter of Support subject to FID and to be agreed commercial terms

NRUP Site Overview

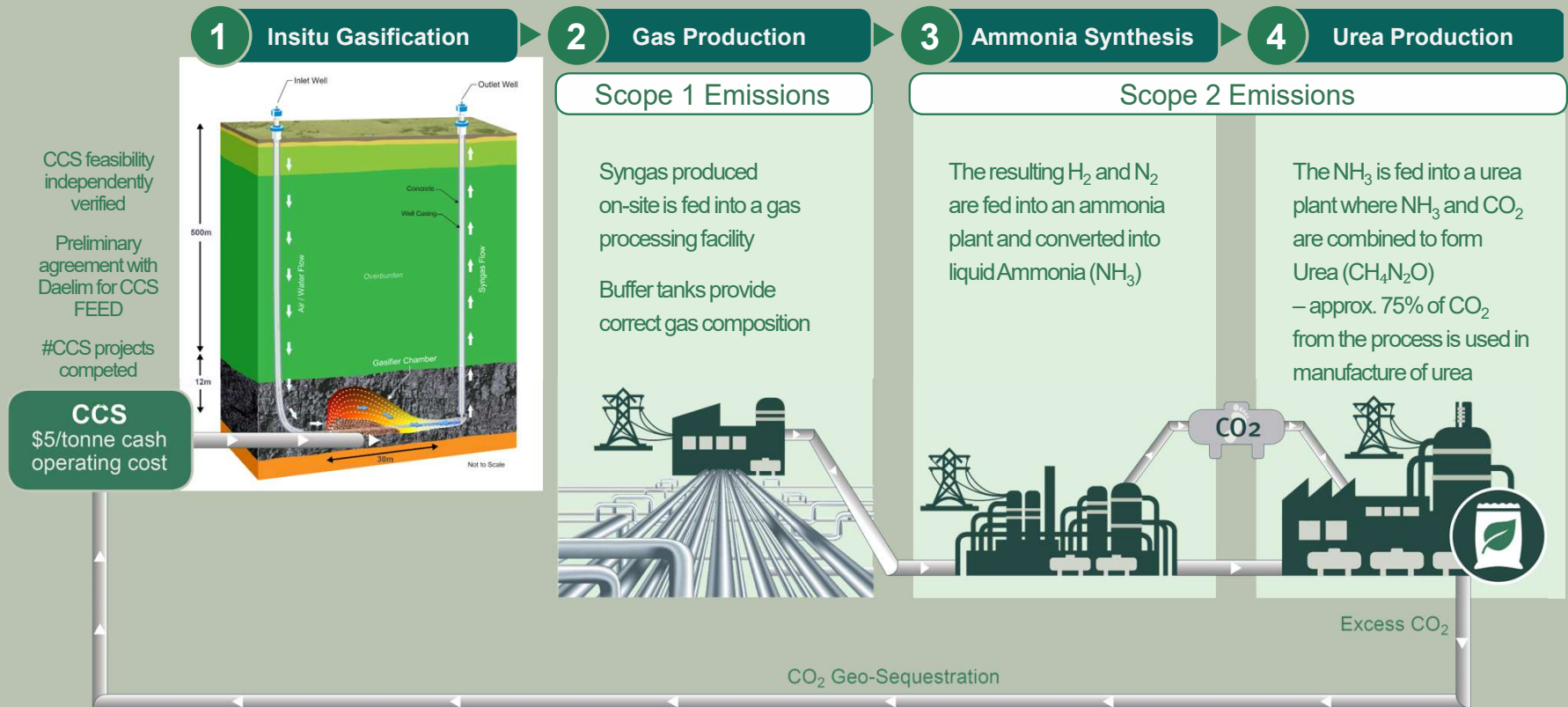
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- 1 million tonnes per annum of granular urea
- Bottom of the global cost curve
- Favourable logistics with on-site rail loop and dedicated track to Port Augusta
- Vertically integrated with gas, power, water, CO₂ on site
- Infrastructure licenced, sole user, to NRZ



NRUP – Urea Manufacturing Process

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CCS – Carbon Capture and Storage

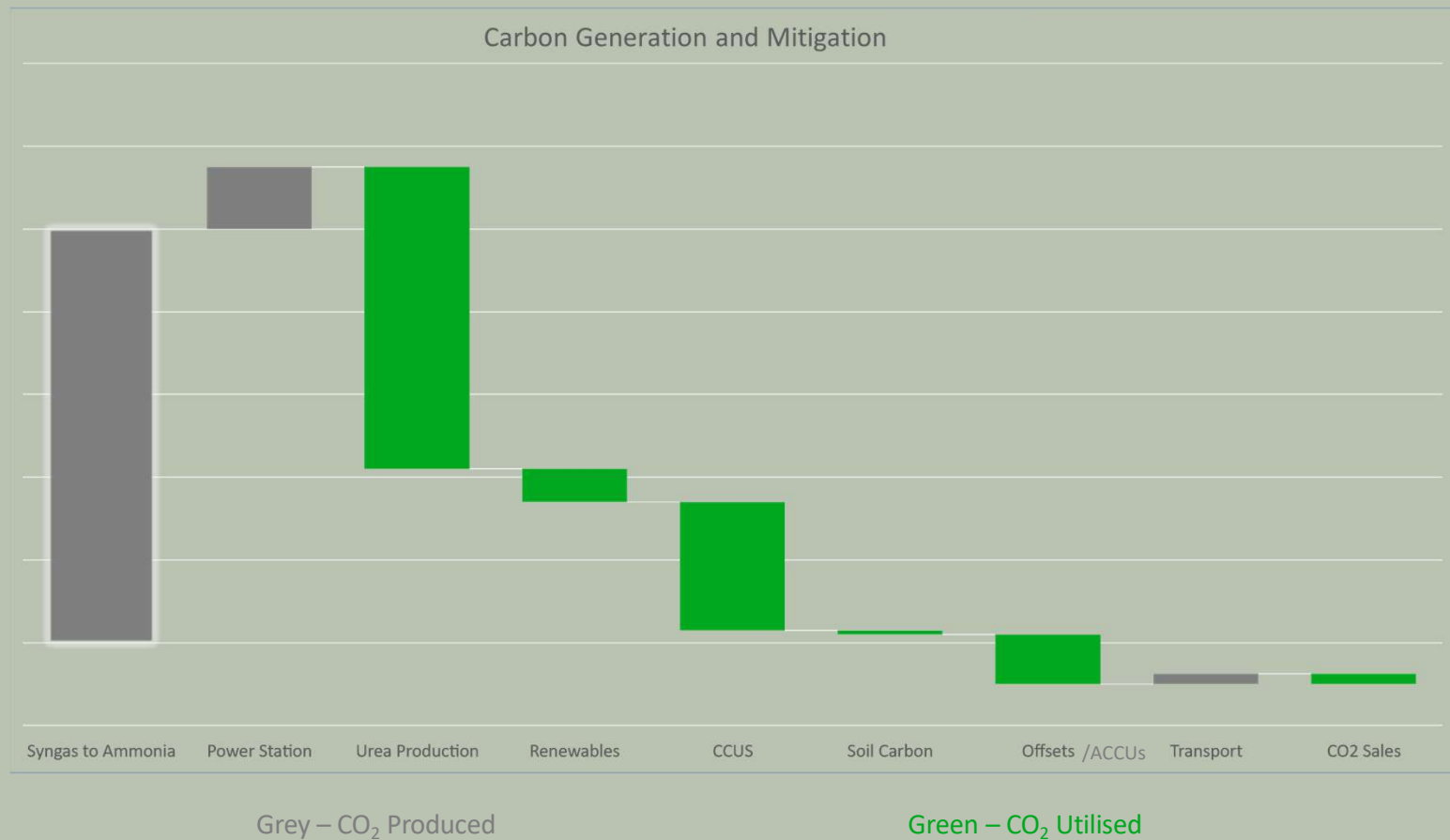
World average: 3 tonnes of carbon dioxide per tonne of urea 15

ESG and Carbon Neutrality



NeuRizer Carbon Neutral in 2022

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NRUP Carbon Neutral – by Design 17

NeuRizer Carbon Neutral in 2022

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- This is not 'greenwashing'
- Carbon neutral programme started in 2018 – we are not new to this, it has been a long-term commitment
- Intention to make carbon neutral urea now becoming a reality
- NRZ is a certified carbon neutral organisation - awarded Climate Active (Australian government) 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 carbon neutral operations from first operations in 2025
- All sustainability results are real, transparent and verifiable
- Results to be audited and reported publicly in mid 2022 under international standards – TCFD



Milestones



Top Tier Partners

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Engineering, Procurement,
Construction and
Commissioning Partner



Ammonia Technology
Licensor



Urea Technology
Licensor



Sulphur removal technology
provider



Feasibility Studies



Strategic Debt Advisor



Environmental and
Development Approval



Commodity Market
Analysis



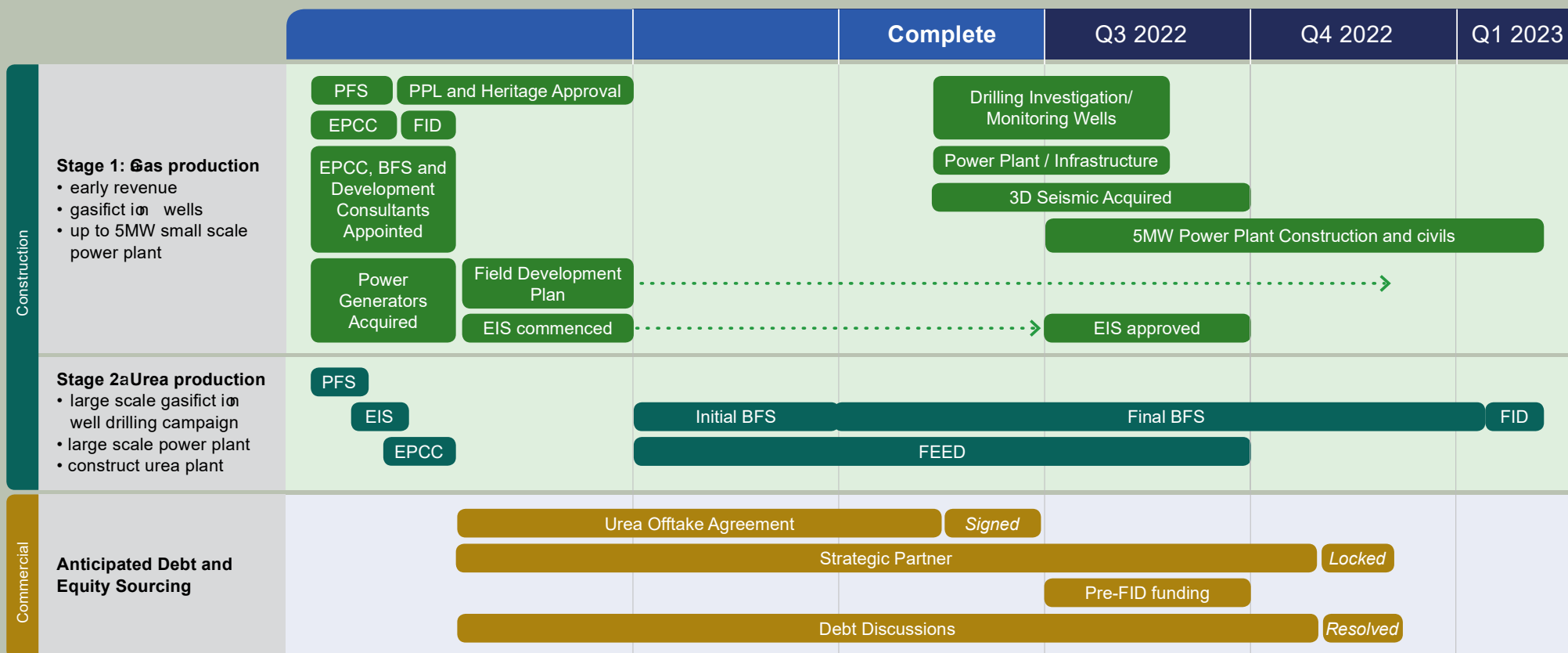
Emissions Reduction
Advisor



Legal Advisor

Pre-FID Activity

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PFS – Pre Feasibility Study
 PPL – Petroleum Production License
 EIS – Environmental Impact Statement
 SEO – Statement of Environmental Objectives

FID – Final Investment Decision
 BFS – Bankable Feasibility Study
 EPCC – Engineering, Procurement, Construction and Commissioning
 FEED – Front End Engineering and Design

NeuRizer Markets



NeuRizer's Target Markets

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Export

- Worldwide governments are restricting trade in urea to ensure local supplies
- Global fertiliser and agricultural markets and supply chains now highly exposed to geopolitical conflicts, lessening supply and increasing demand
- NRUP will initially produce 1 Mtpa, with approximately 50% being exported
- Offtake agreement
- Train from site to shipping ports

Domestic

- Domestic urea fertiliser demand is ~2Mtpa, 95% of which is currently imported
- Excellent logistics - domestic distribution via on-site train line
- Australian government policy to strengthen and improve sovereign manufacturing capability for key agricultural inputs
- Cheaper, faster and less risky for distributors to buy NRZ urea for sale to Australian farmers than to ship it from the Middle East or Asia
- Customers and demand are price elastic – NRZ has the competitive advantage of being a low-cost producer



- Globally - the most applied nitrogen fertiliser
 - Global demand – 200+ million tonnes
 - Asia Pacific demand – 110+ million tonnes
 - Market expected to grow at 1.5% (CAGR)
 - NeuRizer well placed in Asia Pacific market

Strong market dynamics 23

Export Offtake Agreement

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- Binding contract with Daelim Trading
- Minimum 500,000 tonnes per annum from 2025
- Take or Pay
- Index linked pricing
- 5-year contract with mutual extensions
 - Contract value at forecast prices (US\$424/t) - A\$1.5Bn¹ over 5 years
 - At today's prices the contract value would be A\$2.8Bn² over 5 years
- Gives optionality on domestic volumes
- This is the only offtake agreement required to progress stage 2 financing

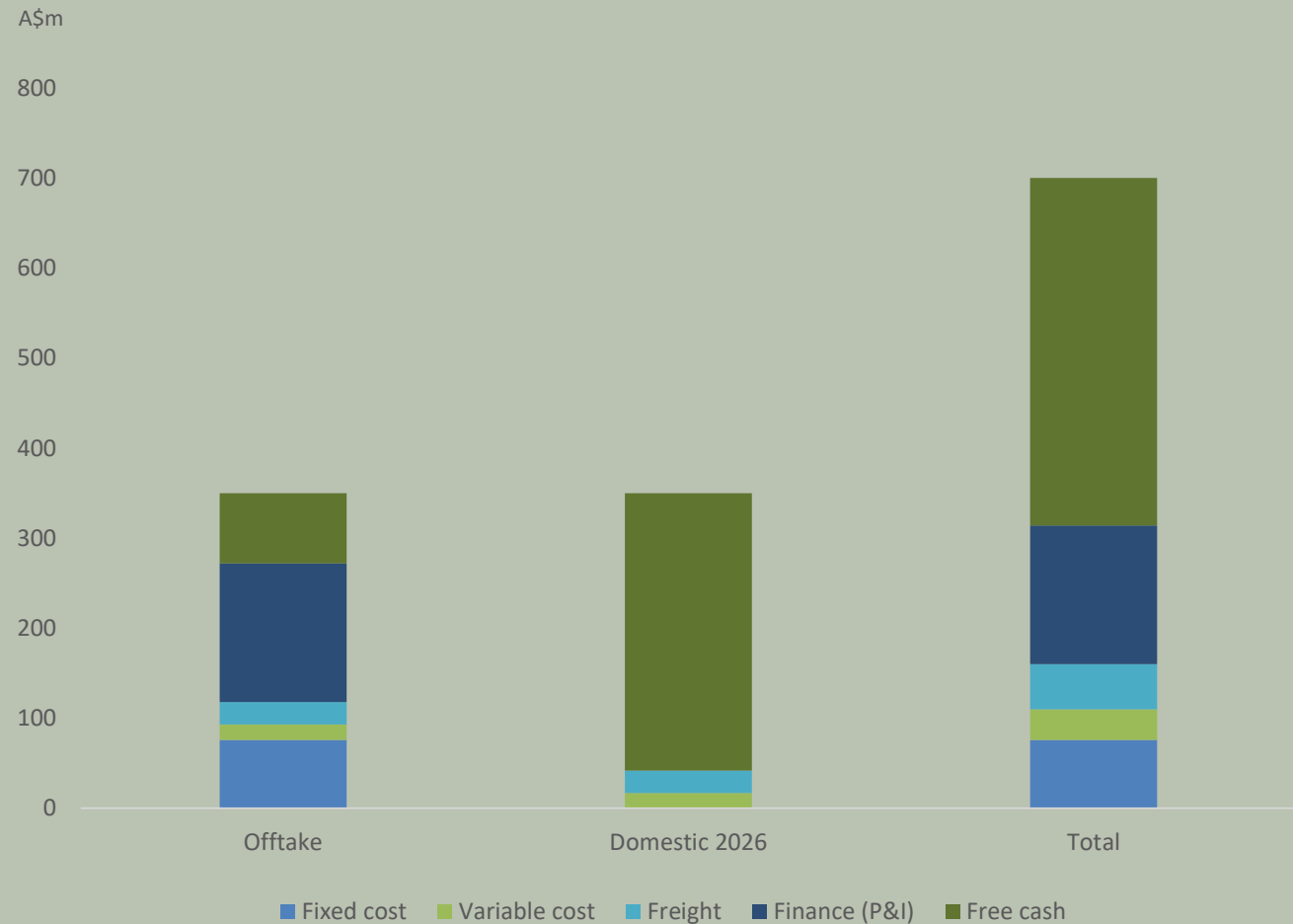
- (1) CRU is an independent forecast team which publishes the urea commodity price on a quarterly basis covering production, demand and trade as well as global capacity and includes key benchmarks over a 5-year period and long-term forecast that includes a 25-year forecast.
- (2) Index Mundi Urea Monthly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



DL E&C Offtake - Impact

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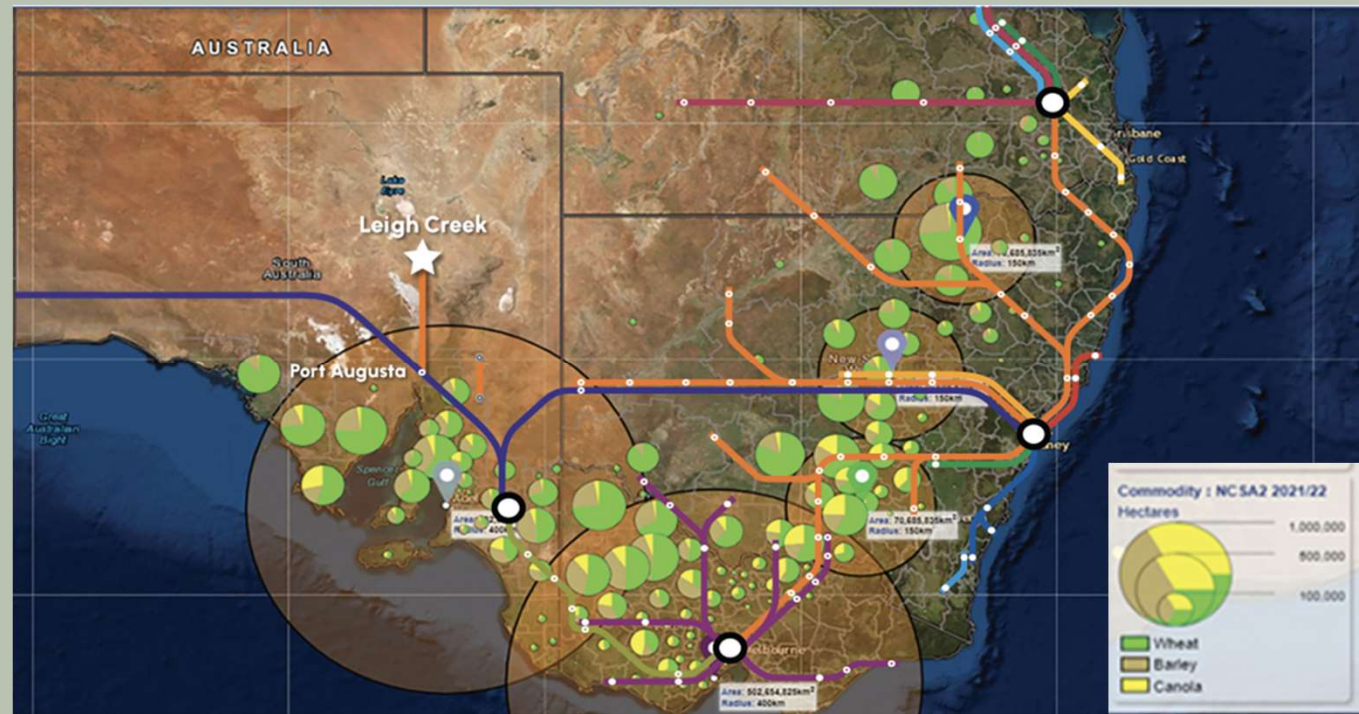
- Offtake sufficient to cover all operating costs plus safety margin
- No requirement for further offtake agreements
- Offtakes remain available for potential strategic partners
- Allows potential for accessing higher spot prices for domestic sales



Domestic Sales

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- Australian granular urea sales reached 2.7 million tonnes in 2021
- Addressable market covers 91% of crops in Victoria, New South Wales and South Australia
- NeuRizer will have a strong location and distribution advantage in its target markets - South Australia, Victoria and New South Wales – 1.7 million tonnes urea
- Direct to market, low-cost distribution
- Strong in-market presence
- Focussed on large scale cropping
 - Wheat, barley and canola
 - Large users of granular urea



Southeastern Australia major cereal growing regions and national railway network

Capital requirements and Funding



Feasibility Studies

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PFS Project Assumptions

Syngas produced per year	PJ	35
Debt:Equity ratio	%	70:30
Interest Rate	%	6.0
Inflation	%	2.5
Repayment Period	Years	20
Discount Rate	%	9%
Corporate tax rate	%	30

PFS Financial Metrics

Capex	A\$B	2.6
Net Revenue/tonne ^{1, 2}	A\$/tonne	410
Pre-Tax Opex/tonne ^{3, 4}	A\$/tonne	109
EBITDA/annum ⁶	A\$m	420
EBIT/annum ⁶	A\$m	337
LOM average EBITDA/annum ⁵	A\$m	678
LOM average EBIT/Annum ⁵	A\$m	599
Leveraged Pre-Tax NPV	A\$B	3.3
Leveraged Pre Tax IRR	%	30%
Leveraged Pre Tax Payback Period	Years	4.0

1. Source: CRU MEGU FOB
2. CRU 2024 forecast pricing
3. Operating costs represent cost of production to the factory gate

4. Average life of project, nominal figures
5. Average nominal LOM EBIT/DA
6. Average of the first 5 years of production

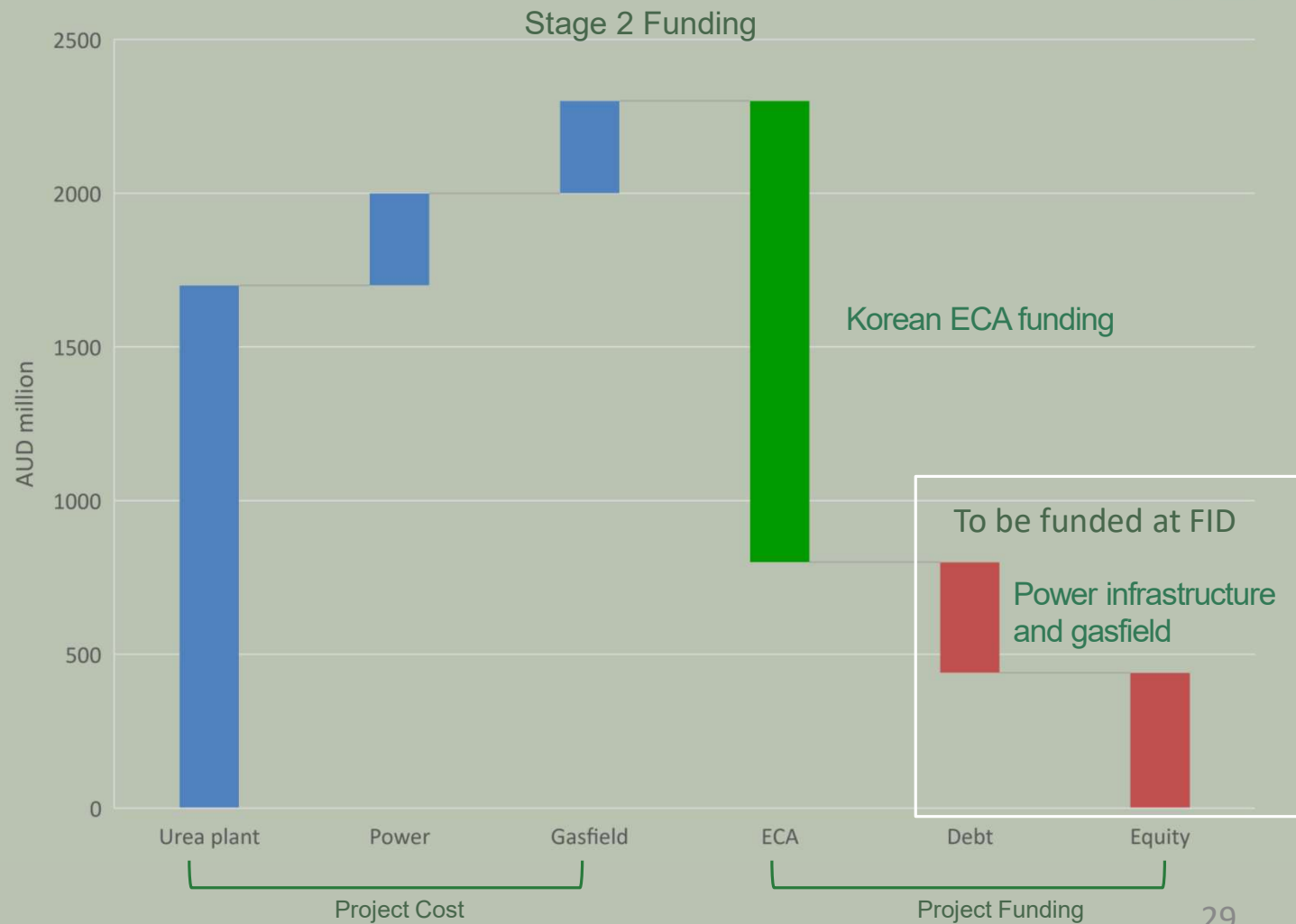
- Interim BFS (not released) completed March 2022 confirmed robust economics per the PFS of November 2020
- Conservative assumptions retained: historically low pricing of US\$280/t (A\$410/t) as against current pricing of US\$908 (www.indexmundi.com)
- Annual urea plant capacity of 1.0 million tonnes per annum
- Commercial life of over 30 years
- Production cost is in the lowest cost quartile of the global urea cost curve
- Total capital cost includes island mode capex
- Final BFS due for completion Q1 CY2023

Extraordinary IRR results from cheap gas 28

Financing

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- Aim to conclude financing at same time as BFS completed – or shortly thereafter
- PWC engaged to advise on debt package(s)
- Debt underpinned by long term offtake with Tier 1 company
- Additional debt 50% of gasfield, 70% of power infrastructure
- Additional equity from a sell down of the project to a strategic partner or cornerstone and the market.
- Option open for remaining 50% of offtake, currently planned for domestic market



Conclusion



Conclusion

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- **Nationally significant project** – reduce reliance on exports, strengthen sovereign supply chains for critical agricultural input (urea)
 - NRUP will help Australia become self-sufficient in urea providing local farmers with quality, cost competitive fertiliser.
-



- NRZ **Carbon Neutral** since 2021
 - NRUP designed for carbon neutral fertiliser
-



- Manageable technical risk, large resource base and globally low cost of production.
 - **World class/top tier partners** – DL E&C, KBR, Stamicarbon, Merichem, PwC
-



- NRUP has **strong project economics** – 30% IRR
 - Letter of support from a major South Korean bank has been issued to provide debt finance for up to 70% of the stage 2 project costs*
 - Offtake agreement with Daelim Trading
-



- **Strong structural demand** for, and domestic manufacture of, fertiliser provides positive tailwinds for the project.
-

* Subject to FID and to be agreed commercial terms

Thank you

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