

ASX Announcement (ASX: NRZ)

26 October 2023



Quarterly Report – September 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 30 September 2023.

Market Update

1. Strategic Partner - Neurizer confirmed that discussions are well advanced and continuing for the securing of a strategic partner for both the Company and the project. Due diligence with a preferred party has been completed and the relevant approvals are being sought. Furthermore, it is not expected that any significant delays in the process will occur. Neurizer notes that all discussions are confidential and incomplete and there is no guarantee that negotiations will be successfully concluded.
2. Bank Feasibility Study (BFS) - NeuRizer has been working with the Engineering, Procurement and Construction (EPC) contractor and partner (DLE&C Co Ltd, or ‘Daelim’) on cost optimisation. This process has identified significant opportunities for potential savings and these are being worked through and assessed by the parties.
3. ISG in China – continues to progress with analysis of initial data being completed. The next stage of assessment of the sites is underway.
4. NeuRizer executives visited the NRZ China partner’s hydrogen manufacturing facilities – the purpose of this visit was to progress the hydrogen projects in China, and to gain an understanding of the comprehensive and advanced manufacturing facilities of our Chinese partner, Meijin Energy Investments (Hainan) Co., and their subsidiaries and partners.



Photos: Hydrogen truck plant facility in China.

Corporate Update

NeuRizer presented a corporate update to the market in September 2023, in which it advised that a number of potential early revenue opportunities are being analysed. There is no certainty that these projects will come to fruition:

1. Purchase of operational Ammonia and Fertiliser Plant and business – NeuRizer has commenced discussions on the acquisition of an operational Ammonia and Urea Plant and operating business. Those discussions have progressed and a valuation is underway to assess the financial viability of this acquisition. Subject to the valuation the aim is to acquire this plant in 2024.
2. Purchase of Ammonia and Urea plant – NeuRizer has commenced discussions on the acquisition of an Ammonia and Urea Plant, designed by KBR and Stamicarbon respectively, currently in storage but unused.
3. Establishment of a Distribution Company in Australia – NeuRizer has begun discussions with our Chinese partners with the aim of establishing a urea distribution company in Australia by 2024. Should this business partnership be established, supply chains and supply certainty for Australian farmers will be strengthened for this critical input for primary production.

Private Placement

NeuRizer completed a placement of 20 million shares at an issue price of A\$0.05 per share, with a long term existing shareholder to raise \$1.0 million (“the Placement”). Funds raised from this Placement have been applied to general operating costs of the Company, enabling steady progress of the NeuRizer Urea Project and other initiatives discussed above and below.

Operations Update

During the quarter the operations team progressed the following activities:

- Finalised and submitted the EPBC referral;
- Responded to EPBC further requests for information;
- Finalised and submitted Department of Energy and Mining yearly reports;
- The geology/groundwater and gasification team have reviewed overseas opportunities;
- Stage 1 - public consultations progress substantially completed;
- Stage 2- FEED – data reviewed with feedback to DL E&C.

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, we incurred \$676k on exploration & evaluation activities, with \$456k relating to capitalised labour costs, and other costs relating to environmental monitoring, site maintenance, and other minor operating costs.

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

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

Further Information

Investor Relations

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About NeuRizer Ltd

NeuRizer Ltd. (NeuRizer) is the company responsible for progressing the NeuRizer Urea Project (NRUP). NRUP is a nationally significant project that, when developed, 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 is intended to initially produce 1Mtpa of urea fertiliser with potential to increase to 2Mtpa.

NeuRizer 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. NRZ has developed a decarbonisation pathway for the NRUP seeking to ensure that the NRUP achieves net zero carbon emissions from its operations planned to commence 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 major inputs for production (gas, power, and CO₂) on-site, meaning NRZ will control both supply and price of these major inputs, regardless of prevailing market conditions and supply chain dynamics.

A message for NeuRizer Shareholders

NeuRizer 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 communications online.

Please go to: 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")

September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(771)	(771)
(e) administration and corporate costs	(414)	(414)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
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	(1,180)	(1,180)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(676)	(676)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	(676)	(676)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	1,000
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	(6)	(6)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
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	994	994

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,210	1,210
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,180)	(1,180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(676)	(676)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	994	994

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	348	348

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	348	1,210
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)	348	1,210

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	294
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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> Explanation: Executive and Non-Executive Directors fees.		

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

7. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

20,000

15,000

20,000

15,000

7.5 **Unused financing facilities available at quarter end**

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 30 September 2023.

8. Estimated cash available for future operating activities**\$A'000**

8.1 Net cash from / (used in) operating activities (item 1.9)

(1,180)

8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))

(676)

8.3 Total relevant outgoings (item 8.1 + item 8.2)

(1,856)

8.4 Cash and cash equivalents at quarter end (item 4.6)

348

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)

5,348

8.7 **Estimated quarters of funding available (item 8.6 divided by item 8.3)**

2.88

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.

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?

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: 26 October 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 – 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.