

ASX Announcement (ASX: NRZ)

18 January 2024



Quarterly Report – December 2023

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 December 2023.

Market Update

NeuRizer provides the following updates in relation to the NeuRizer Urea Project (NRUP) pathways and timeframes.

Strategic Partner Update

NeuRizer has been working for some time to finalise discussions with a potential strategic partner for the project. Whilst successful due diligence was completed, NeuRizer has now been informed that the potential strategic partner has declined to continue negotiations at this stage as it was unable to secure the required approvals to proceed with the partnership. They have stated that they are prepared to resubmit as the project progresses further. The Company will continue to pursue other strategic partner opportunities but is now also working through the impact of these delays on the project, its funding and its timeframes. The Company acknowledges that this will impact the timing of the Final Investment Decision for the project. However, the Company is not in a position to provide revised timelines at this point.

Stage 1 Update

The South Australian Government chose not to allow Stage 1 of the NRUP unless a determination was made under the *Environment Protection and Biodiversity Act 1999* (Cth) (EPBC Act) as to whether Stage 1 of the project was a controlled action. There was no legislative requirement for this referral, but due to the government’s position, the Company was required to refer Stage 1 under the EPBC Act.

The Company also undertook a self-assessment (as permitted under the Act) of the Stage 1 proposal against the criteria presented in the EPBC Act and determined that there are no matters of national environmental significance present or likely to be significantly impacted. In particular, NRZ, our lawyers, consultants and advisors were all satisfied that the ‘listed threatened species and communities’, and the ‘protection of water resources from coal seam gas development’ and ‘large coal mining development’ sections of the EPBC Act

are not controlling provisions for the Stage 1 Project and as such do not apply. NRZ is confident that the Stage 1 Project will not have a significant impact on any protected matter of national environmental significance. NRZ detailed this clearly in its referral. Despite the Company's submission, the Department of Climate Change, Energy, the Environment and Water have determined that Stage 1 of the project should be assessed by an Environmental Impact Statement as set out in the EPBC Act.

Since receipt of this decision, the Company has been reviewing its legal options as the Company maintains that its groundwater studies sufficiently confirm no likelihood of significant impact. However, during this period of consideration, additional changes have been made to the EPBC Act through the *Nature Repair Market Bill 2023* and the *Nature Repair (Consequential Amendments) Bill 2023*. These changes were made despite Ministerial assurances that no changes would occur until late 2024 and after consultation. Changes to the legislation were made in late 2023 and without consultation.

The consequences of these changes are that provisions of the EPBC Act now apply to 'unconventional gas development' and, therefore, to the NRUP Stage 1. In light of this new legislation, the Company has decided the best course of action rather than challenge the original determination is for Stage 1 of the Project to be assessed under the EPBC Act through the Environmental Impact Statement (EIS) process. The timeframes for this additional approval process are not legislated, which means it is very difficult to put timelines on the process. The Company is currently waiting for the terms of reference for the EIS, and the Company will work with the department to progress the process. Given the recent legislative amendments, it is unlikely that Stage 1 could commence in this calendar year. This has flow-on effects on the Company's other timeframes.

Redundancy of the Managing Director Position

After reviewing the Board and the Executive structure, the functions of the Managing Director and Executive Chairman roles have been combined. This will allow us, at an appropriate time, to strengthen the Board. Further, the Company's non-executive director Mr. Chatfield also resigned from the Board.

Operations Update

NeuRizer continues to work with the Engineering, Procurement and Construction (EPC) contractor and partner (DL E&C Co Ltd) on the Bankable Feasibility Study. The Front-End Engineering Design (FEED) and value engineering components are currently under review in the ongoing engineering process between the owners' and contractors' teams.

Rights Issue

NeuRizer completed a renounceable rights issue on 30 October 2023, raising \$1,716,333 before costs. The Company issued approximately 68.7m new ordinary shares (ASX:NRZ) and 68.7m new options (ASX:NRZO).

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 \$888k on exploration and evaluation activities, with \$696k relating to capitalised labour, and other costs related to environmental monitoring, site maintenance, and other minor operating costs.

Additionally, upon lodgement and processing of the Company’s Income Tax Return for 2023, we received a Research and Development rebate of \$3,049,600. Upon receipt, the Company settled a loan of \$2,100,000, which was received in advance against this rebate, and settled associated interest of approximately \$190k.

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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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")

December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(507)	(1,278)
	(e) administration and corporate costs	(374)	(788)
1.3	Dividends received (see note 3)		
1.4	Interest received	11	16
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	(870)	(2,050)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(888)	(1,564)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	17	17
	(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	3,050
2.6	Net cash from / (used in) investing activities	2,179	1,503

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,722	2,722
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	(242)	(248)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(2,100)	(2,100)
3.7	Transaction costs related to loans and borrowings	(190)	(190)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(810)	184

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	348	1,210
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(870)	(2,050)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,179	1,503
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(810)	184

Appendix 5B

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	847	847

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	847	348
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)	847	348

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	222
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	20,000	15,000
7.4 Total financing facilities	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 31 December 2023.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(870)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(888)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,758)
8.4 Cash and cash equivalents at quarter end (item 4.6)	847
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)	5,847
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.33
<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: 18 January 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.