

NeuRizer

NeuRizer Urea Project

A Nationally
Significant Project

November 2023

ASX:NRZ

TOWARDS A CARBON NEUTRAL WORLD

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share price as a result of general market conditions or otherwise, the effect of simplifying operating structure and activities, the effect of a decline in any ratings or recommendations for losses due to defaults by counterparties or restructurings, on the value of investments, changes in interest rates or inflation, changes in equity and/or prices on our investment portfolio, the impact of natural and man-made catastrophic events on business activities and results of operations, reliance on our standing among customers, broker-dealers, shareholders, agents, wholesalers and/or other distributors of our products and/or services, changes to brand / reputation, changes in government regulations or tax laws in jurisdictions where we conduct business, the inability to protect intellectual property, the effect of undisclosed liabilities, the timing of any regulatory approvals, integration risk, and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to future acquisitions and/or pending disposals, project delays or advancement, approvals and cost estimates amongst other items and the cumulative impact of items.

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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 Banwell 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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Carbon Neutral project from 2022 and embedded ESG credentials



ASX listed company developing its NeuRizer Urea Project (NRUP), 550km north of Adelaide, South Australia
NRZ is a certified Carbon Neutral organisation



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



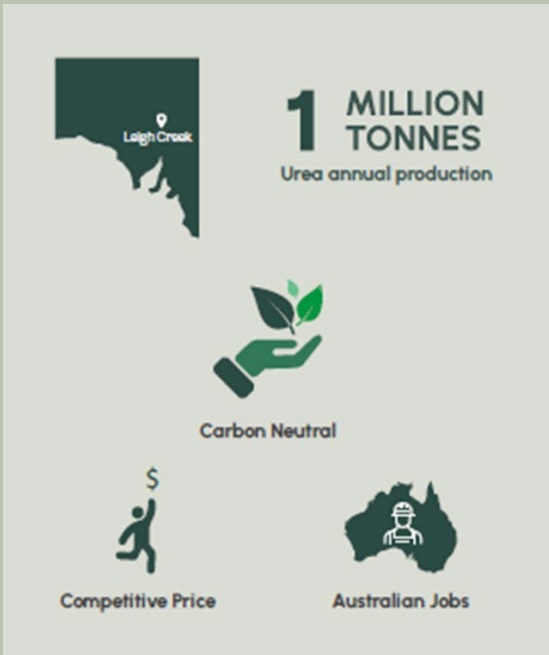
The NRUP will initially produce 1Mtpa (potential to increase to 2Mtpa) of urea from a dedicated facility at a cash cost of A\$109/t



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



Excellent logistics and infrastructure in place.
Australian produced urea avoids the risks associated with supply, transport, commodity prices, import logistics and exchange rates



DL E&C – Global Partner

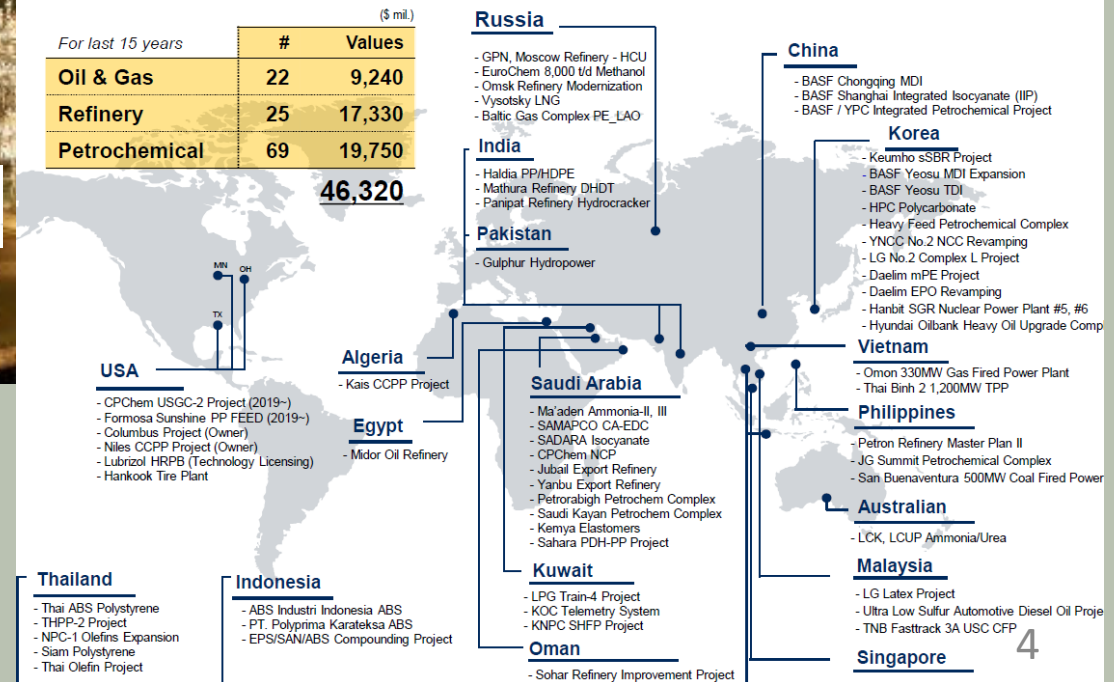
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DL E&C in numbers:

- Annual sales US\$8.4 Bn
- Annual profit US\$1.0 Bn
- Assets US\$11.6 Bn
- Credit rating AA-
- Ongoing projects 600+, in 35 countries
- Employees 7,500

Top Global EPC

- | | |
|------------|----------------------|
| 1. Bechtel | 7. GS E&C |
| 2. Hyundai | 8. DL E&C |
| 3. Fluor | 9. Daewoo |
| 4. Technip | 10. SK E&C |
| 5. Saipem | 11. Samsung |
| 6. Wood | 12. KBR |



DL E&C – More Than a Contractor

- Lumpsum, turnkey EPCC contractor – FEED, BFS, EPCC
- DL E&C facilitated a letter of support for A\$1.5 Bn of funding* (70% of urea capex)
- Take or pay offtake agreement for 50% of production signed with DL E&C affiliate- \$1.5Bn
- DL E&C a strategic investor in NRZ – 9% stake
- Carbon capture co-operation agreement signed
- DL E&C employee appointed to NRZ Board

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

Top Tier Partners

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Engineering, Procurement,
Construction and Commissioning
Partner



Project, Capital and Carbon Markets
Advisor



Ammonia Technology Licensor



Strategic Debt Advisor



Urea Technology Licensor



Environmental and Development
Approval



Sulphur removal technology
provider



Commodity Market Analysis



Feasibility Studies



Emissions Reduction Advisor

The Global Urea Market



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 ($\text{CH}_4\text{N}_2\text{O}$) 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



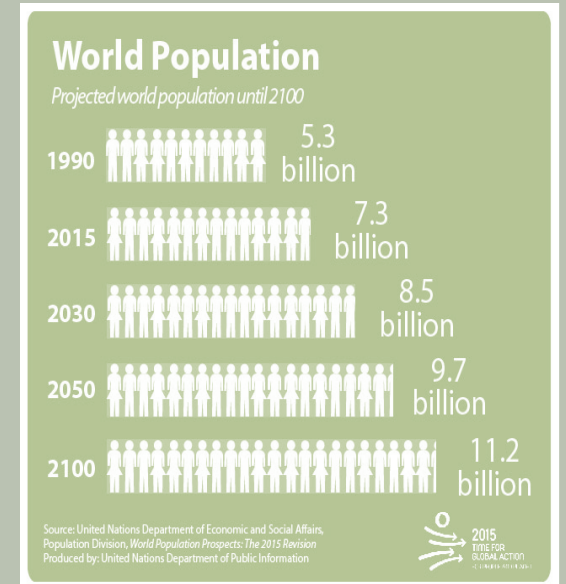
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- The world's population is expected to increase by 2 billion people in the next 30 years, from 7.7 billion to 9.7 billion.
- The extra 2 billion people require living space, reducing the land available for farming
- The world population is becoming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

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

- 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



Megatrend – Growing population requires more food from less resources

The NeuRizer Urea Project



Project Highlights

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

Planned to be the world's only fully integrated, **carbon neutral** fertiliser production project

3

Quality Project Partners

- **DL E&C** - EPCC contractor and is a world class development partner
- **KBR** - ammonia licensor
- **Stamicarbon** – urea licensor

4

Offtake

- Take or pay offtake contract with Daelim Trading
- Revenue from offtake significant step towards securing funding

5

Significant Infrastructure

- Site has access to existing infrastructure for transport to domestic and export markets.
- SA government licenced existing on site infrastructure to NRZ

6

Permits Secured

- Commercial production licence secured (Upstream), aimed production commencing Q1 2025
- Heritage approval secured

7

Project Funding

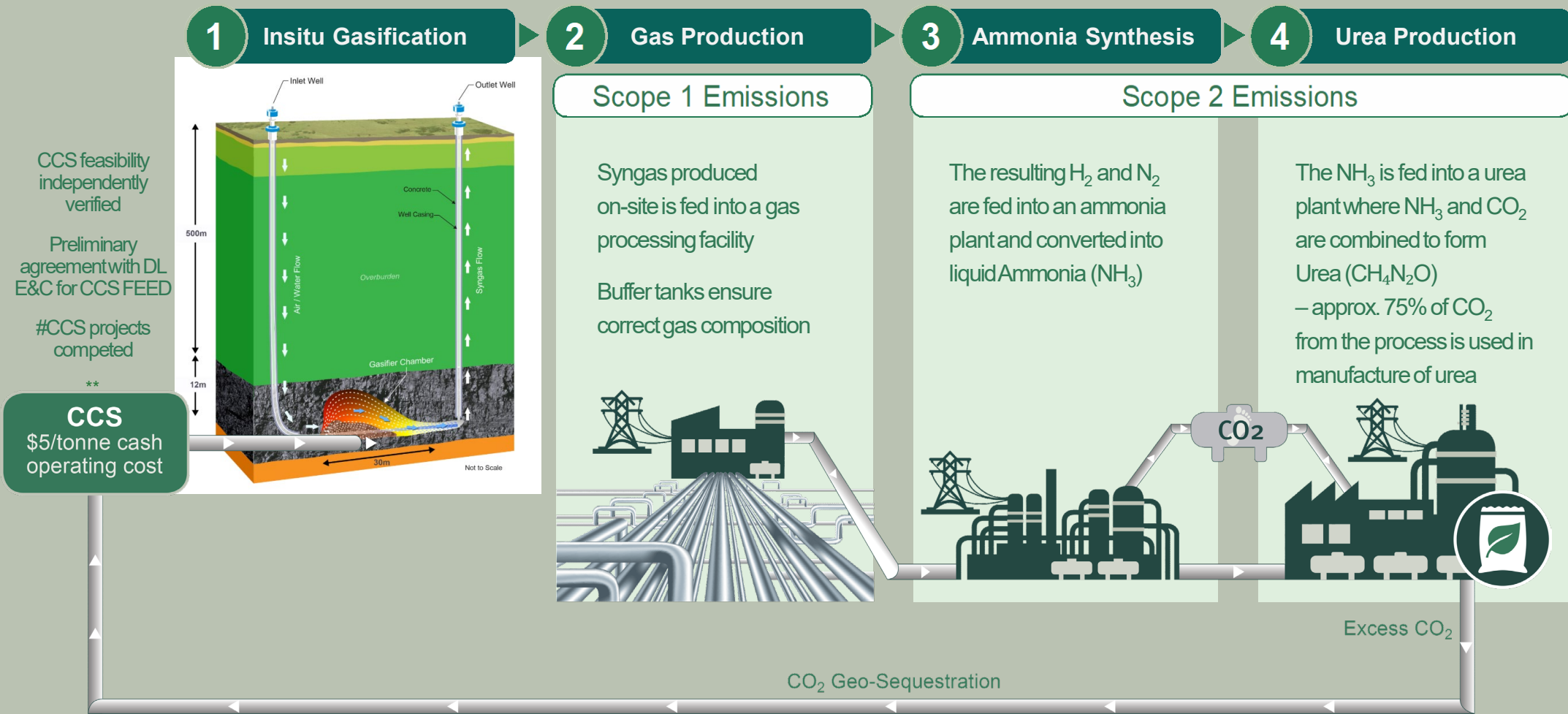
Letter of Support* from a major South Korean ECA to provide debt finance for up to 70% (or approximately AUD 1.5 Billion) of the stage 2 project costs

8

Strong Project Economics

- PFS IRR of 30% at urea price of A\$410/tonne
- Production cost A\$109/tonne
- Net Margin ~55%

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



CCS – Carbon Capture and Storage

NRUP Site Overview

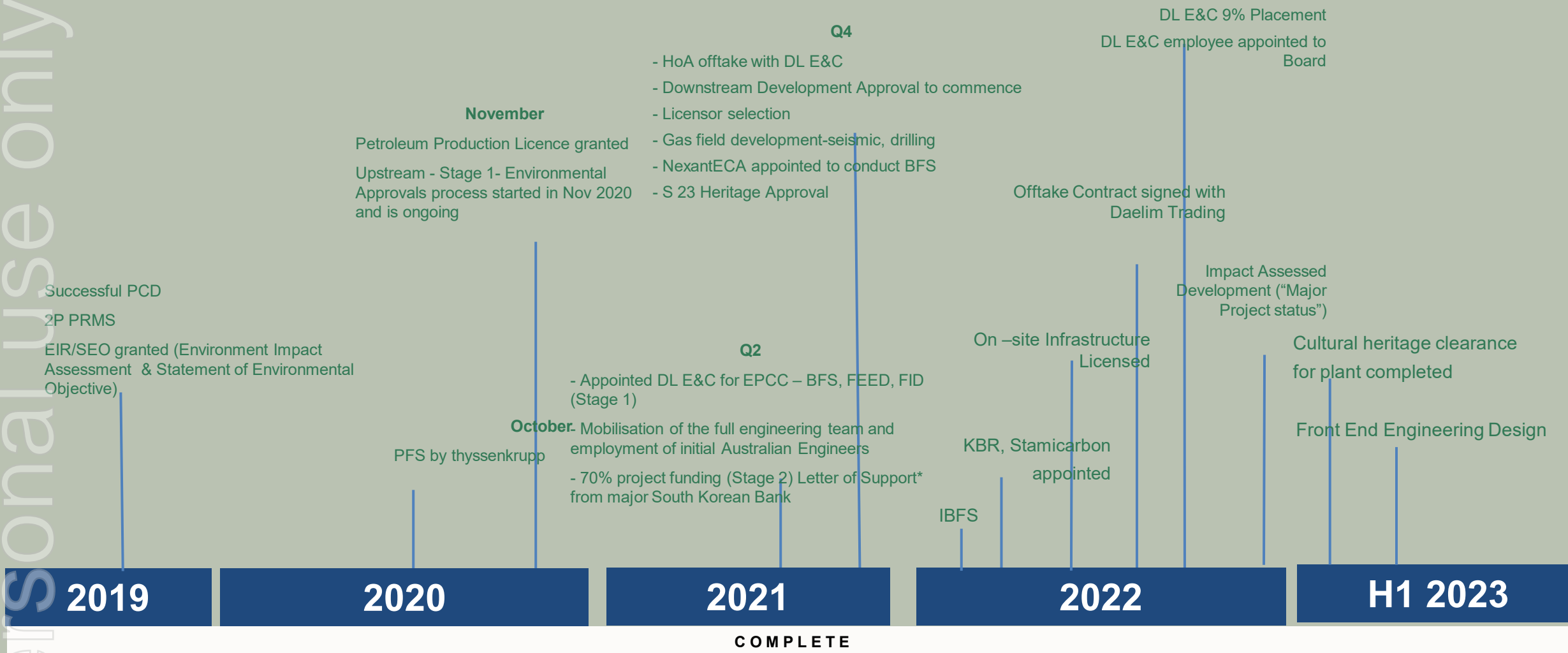
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- 1 million tonnes per annum of granular urea
- Bottom of the global cost curve
- Favourable logistics with on-site rail loop and dedicated track to Port Augusta
- Vertically integrated with gas, power, water, CO₂ on site
- Existing on-site Infrastructure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



Key Milestones met

Personal use only



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

Key Milestones to come

Almost there!



Production of 1mtpa carbon neutral urea and distribution to Australian farmers and for export



ESG and Carbon Neutrality



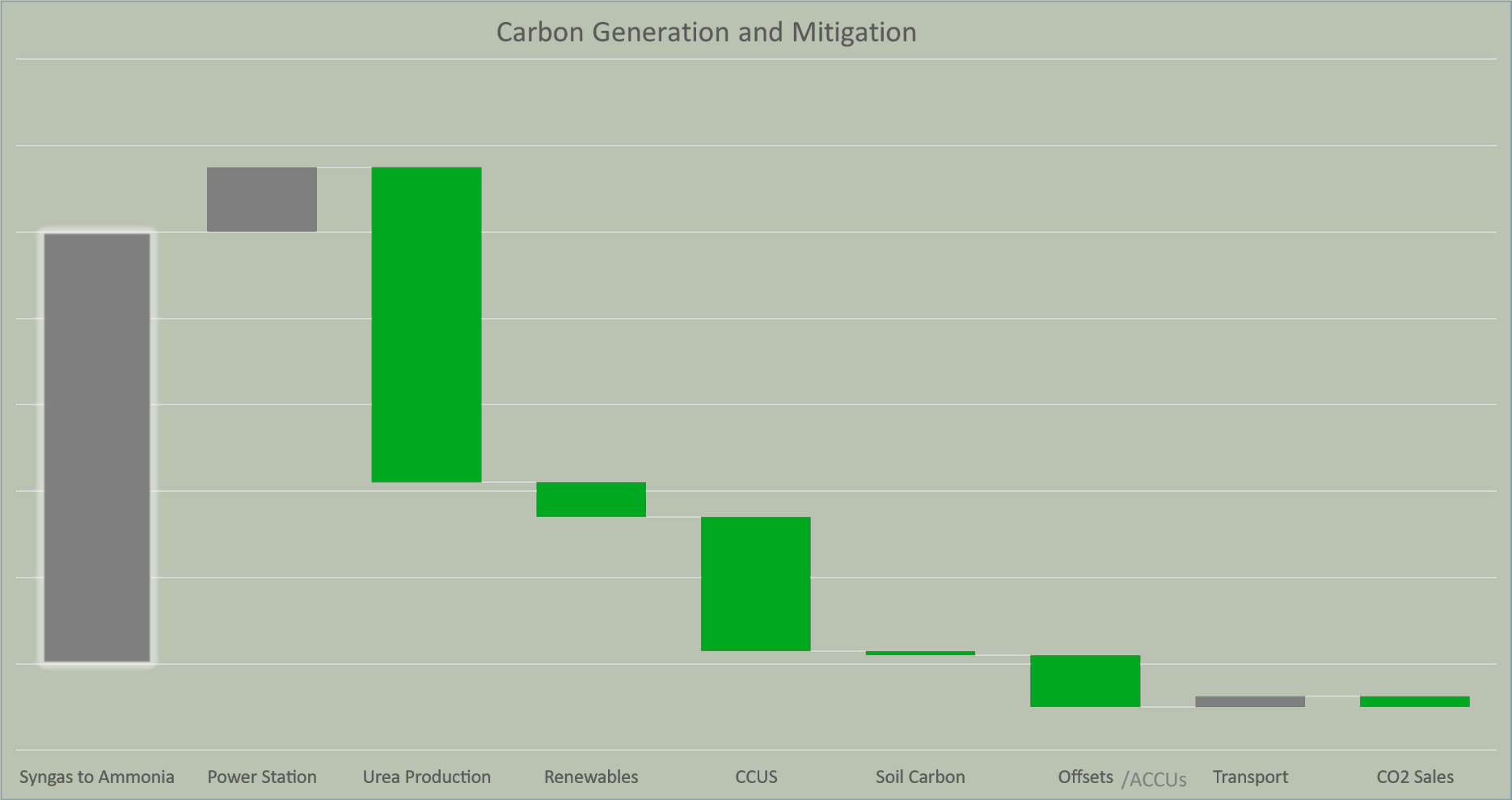
NeuRizer Carbon Neutral in 2022

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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 urea through carbon neutral production 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 with the aim of ensuring that the NRUP achieves carbon neutral operations
- All sustainability results are real, transparent and verifiable
- Results were audited and reported publicly in mid 2022 under international standards – TCFD



NeuRizer Carbon Neutral in 2022



Grey – CO₂ Produced

Green – CO₂ Utilised

ersonal use only

ersonal use only

NeuRizer Markets



NeuRizer's Target Markets

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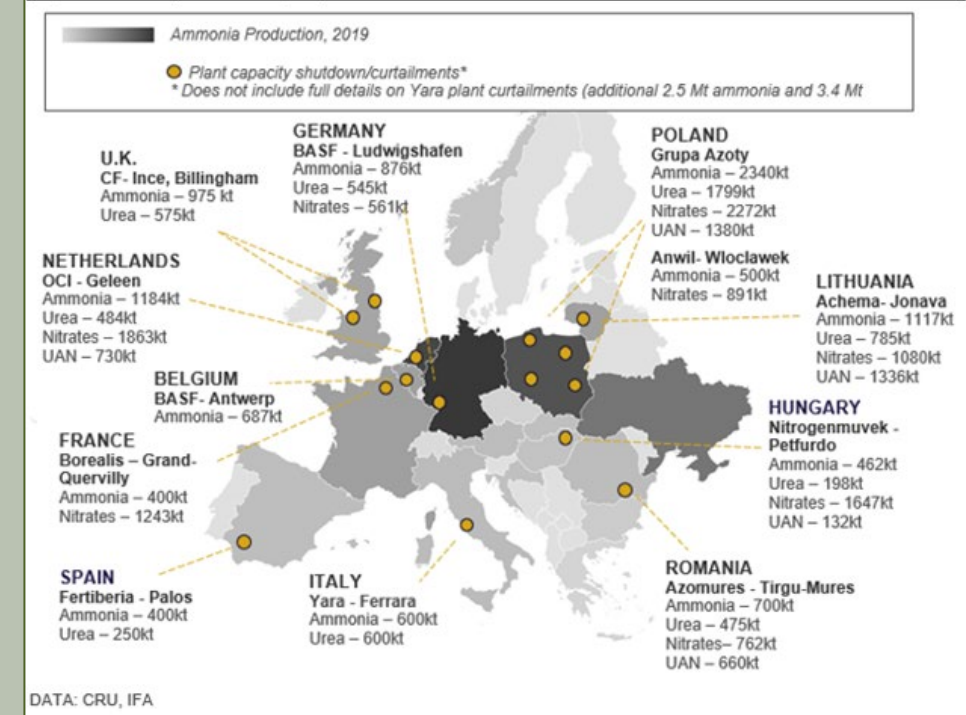
Export

- 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
- Take or pay offtake agreement in place
- 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

Figure 1: European nitrogen production shutdowns and curtailments



- 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

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

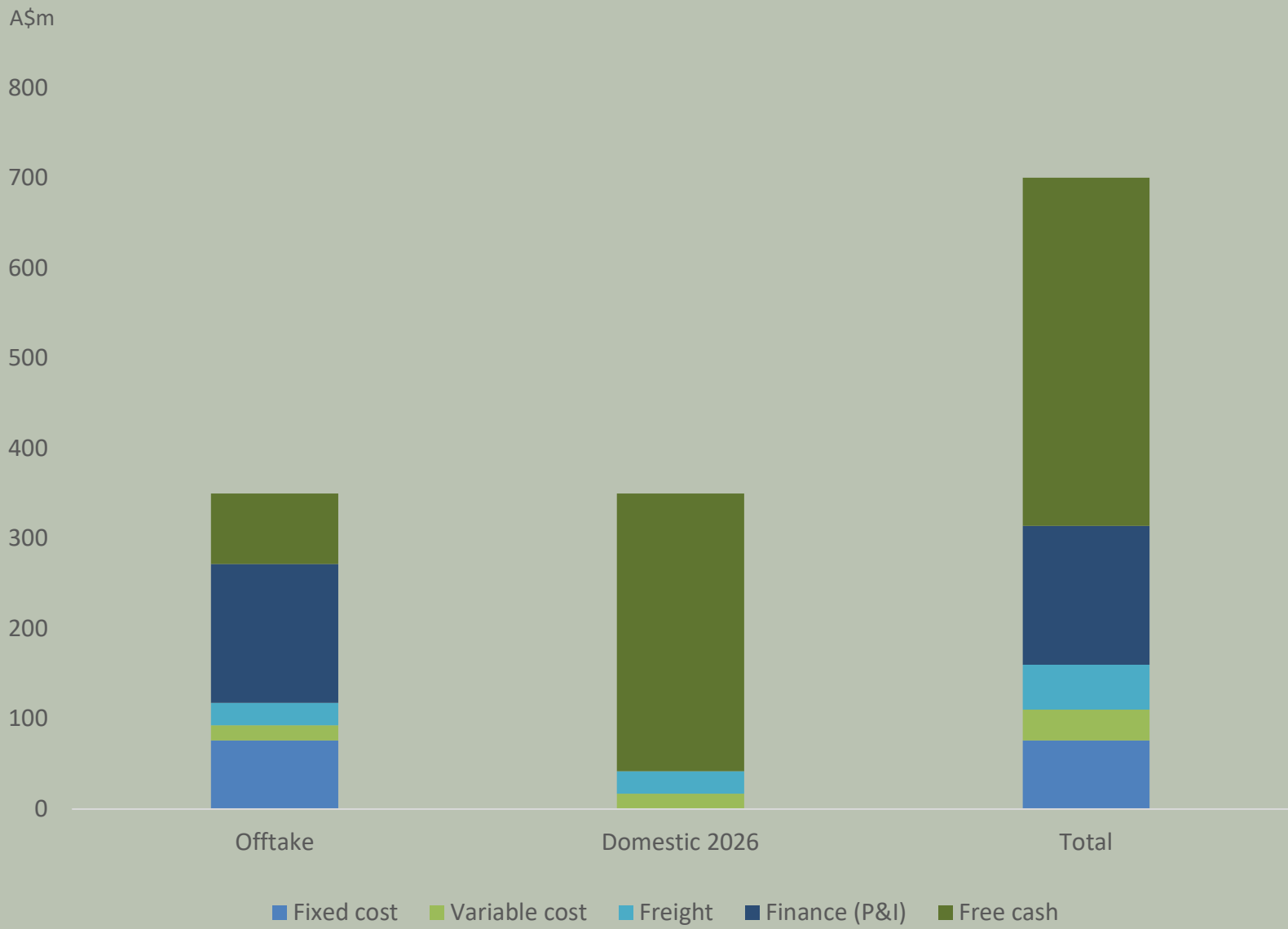
(1) CRU is an independent forecast team which publishes the urea commodity price on a quarterly basis covering production, demand and trade as well as global capacity and includes key benchmarks over a 5-year period and long-term forecast that includes a 25-year forecast.

(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

- 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 2.1 mt in 2021 and expected to reach 2.9 mt in 2023.
- 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



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

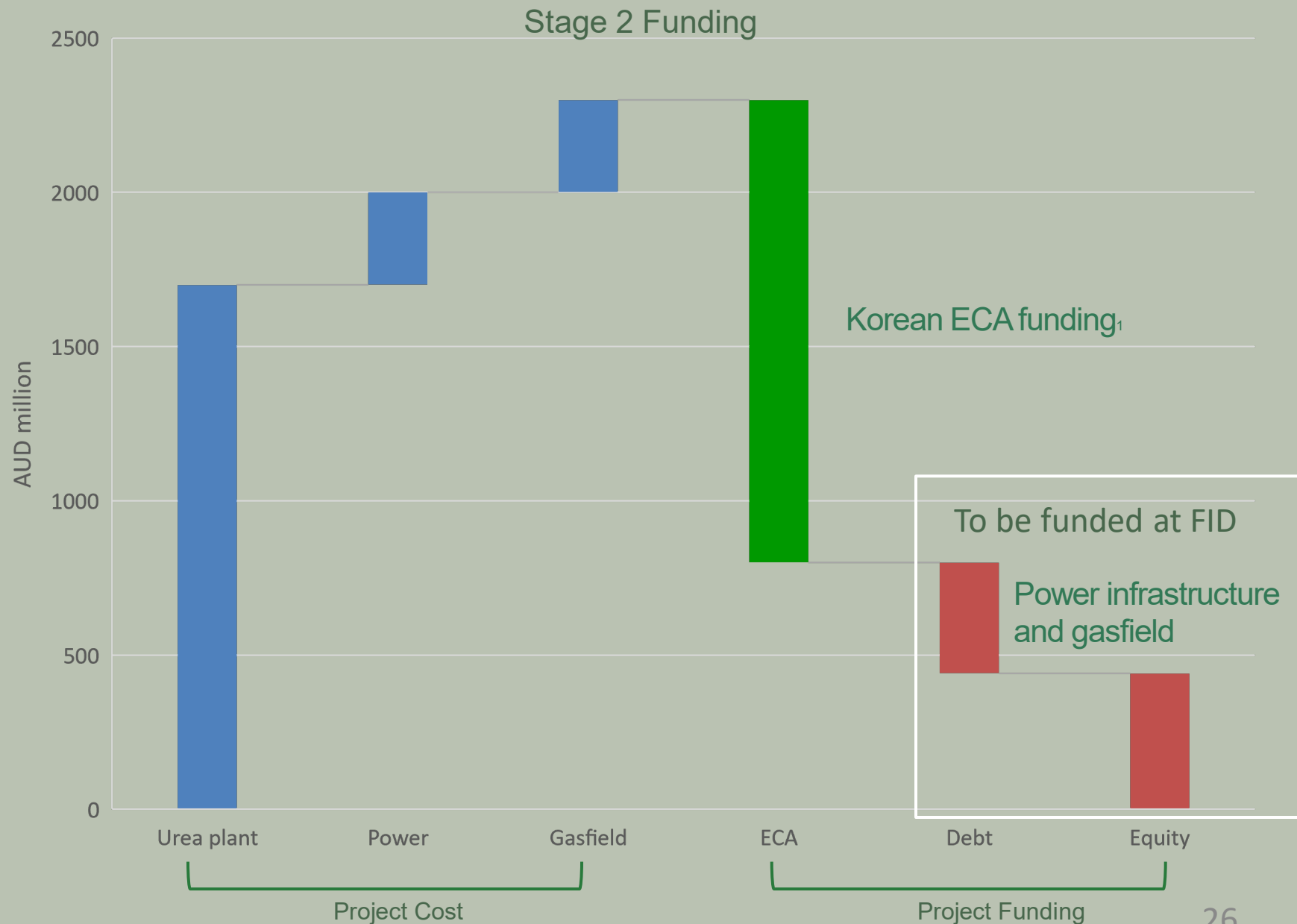
4. Average life of project, nominal figures
 5. Average nominal LOM EBIT/DA
 6. Average of the first 5 years of production

- The BFS is nearing completion with final economics determined
- 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
- Final BFS due for completion Q4 CY2023

Financing

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- Upon completion of the BFS, financing will be secured prior to FID
- 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

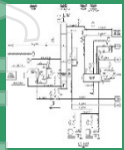


Risk Mitigation



Regulatory ✓

- Petroleum commercial production licence and heritage approvals obtained
- Impact Assessed Development (“Major Project status”)



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



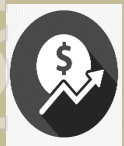
Construction ✓

- 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 ✓

- Five year (extendable), take or pay offtake with Daelim Trading for 50% of production
- Strong, growing and sustainable demand for urea – domestic and international
- 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.
- DL E&C – a global partner to deliver the project

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

Conclusion



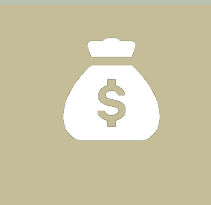
- Nationally significant project – reduce reliance on exports, strengthen sovereign supply chains for critical agricultural input (urea)
- NRUP will help Australia become self-sufficient in urea providing local farmers with quality, cost competitive fertiliser.



- NRZ Carbon Neutral since 2021
- NRUP aims to achieve carbon neutral production of urea 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% IRR₁
- Letter of support from a major South Korean bank has been issued indicating consideration of debt finance for up to 70% of the stage 2 project costs₂
- Offtake agreement with Daelim Trading



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

1. Based on the PFS

2. Subject to FID and to be agreed commercial terms

Thank you

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