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NeuRizer Ltd

Interim Financial Report

31 December 2023

CONTENTS

DIRECTORS' REPORT

NeuRizer Ltd is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX). The directors present their report together with the financial statements of the consolidated entity, being NeuRizer Ltd ("the Company" or "NeuRizer" or "NRZ") and its controlled entities ("the Group") for the half-year ended 31 December 2023.

Directors

The names of the Directors of the Company in office at any time during the half-year ended 31 December 2023 and up to the date of this report are:

- Daniel Justyn Peters
- Zheng Xiaojiang
- Zhe Wang
- Sunghun Ryu – appointed 31 July 2023
- Jordan Mehrtens – appointed 12 February 2024
- Jaehyung Yoo – resigned 31 July 2023
- Murray Chatfield – resigned 20 December 2023
- Phillip Staveley – resigned 15 January 2024

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Group's principal activity during the half-year was advancing the development of its NeuRizer Urea Project (NRUP). There have been no significant changes in the nature of these activities during the year. The Company continues to progress with its commercialisation plans.

Finance and Corporate

The consolidated operating loss of the half-year to 31 December 2023 was $799,131 (2022: $9,362,822). Expenditure incurred primarily on the NRUP capitalised as Exploration expenditure was ($719,884) (2022: $43,359,845), comprising of spend of $2,312,404 on progressing the NRUP, offset by research and development tax concession amounts received of $3,049,600.

On 31 July 2023, Mr Jaehyung Yoo resigned as Non-Executive Director of the Company, and Mr Sunghun Ryu was appointed as Non-Executive Director.

On 4 September 2023, the Company completed a private share placement, resulting in the receipt of $1.0 million.

On 24 November 2023, the Company completed a renounceable rights issue, raising $1.7 million before costs.

On 18 December 2023, the Company received $3.0 million for eligible Research and Development expenditure of the FY23 year. $2.3 million was used immediately to settle existing debt held against this plus interest.

On 20 December 2023, Mr Murray Chatfield resigned as Non-Executive Director of the Company.

Operating Activities

NeuRizer Urea Project

<u>Stage 1</u>

The South Australian Government chose not to provide the environmental approval for Stage 1 of the NRUP unless a determination was made under the *Environment Protection and Biodiversity Act 1999* (Cth) (EPBC

Act) regarding whether Stage 1 of the project was a controlled action. There was no legislative requirement for this referral, but the Company was required to refer Stage 1 under the EPBC Act due to the government's position.

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. It determined that there are no matters of national environmental significance likely to be significantly impacted. NRZ, our lawyers, groundwater consultants and environmental advisors were satisfied that the proposal did not fall within the definition of a 'coal seam gas development' or a 'large coal mining development' (and were satisfied that there would not be a significant impact on 'listed threatened species and communities'), and thus the proposal would not fall within the 'water trigger' of the EPBC Act.

Upon the receipt of the controlled action decision in November 2023, the Company reviewed its legal options as it maintained that its groundwater studies sufficiently confirmed no likelihood of significant impact on these 'species and communities'. However, during this consideration period, additional changes were made to the EPBC Act through the *Nature Repair Bill 2023* and the *Nature Repair (Consequential Amendments) Bill 2023*, both assented on 14 December 2023. These changes were made despite Ministerial assurances that no changes would occur until late 2024 and after consultation.

The consequences of these changes are that the 'water trigger' provisions of the EPBC Act now apply to 'unconventional gas development' and, supposedly, to the NRUP Stage 1. The Company has not yet been notified as is required under the new 'water trigger' that this requirement will apply to Stage 1 of the NRUP. The Minister is still, at the date of this report, within the timeframe to make this notification. Considering this new legislation, the Company has decided that the best course of action, rather than challenging the original determination, is for Stage 1 of the Project to be assessed under the EPBC Act. The timeframes for this additional approval process are not legislated. The Company is currently waiting for the relevant approval obligations from the Department of Climate Change, Energy, the Environment and Water (DCCEEW), 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.

Stage 2

During the period, the Company continued to work with the Engineering, Procurement and Construction (EPC) contract and partner (DL E&C Co Ltd, or 'Daelim') on cost optimisation. In December 2023, the Company received version of the feasibility study report which has not been accepted by the Company and has substantially higher costs than in the initial BFS report received in March 2022. Subsequent to this, in February 2024 it was agreed in principle that the contract for the NRUP will be broken into two parts, being an engineering and procurement contract (likely to be awarded to DL E&C if agreement as to cost is reached and a final investment decision is taken) and a construction and commissioning contract likely to be directly between NRZ and a construction company of NRZ's choosing, following a competitive bidding process. DL E&C has agreed to provide NRZ with all material in its possession that may assist NRZ with this process, including certified quantities. Assuming a formal agreement is reached that reflects the foregoing, NRZ believes that this approach will significantly reduce the overall cost of the project and render it more demonstrably viable than under the cost estimates on which the December 2023 DL Report was based. NRZ has also engaged a quantity surveyor to assess the costs and assist further with optimisation.

It has also been agreed that the project will now proceed on the basis that the power for the project will come from the South Australian electricity grid rather than a syngas fired power station constructed as part of the project. The capital and operating cost of grid power and how it may be funded is still to be finalised. Resolution of the cost and means of funding the grid connection will give greater certainty to the revised feasibility study report.

DL E&C and NRZ are yet to reach agreement on the period to be allowed for the obtaining of competitive pricing for the construction and commissioning of the project, resulting in the issue of a revised final feasibility study report reflecting the revised project delivery methodology and costing. There is no certainty that a formal agreement will be reached reflecting the above matters, but each party is actively working to that end.

Significant events after the balance date

On 15 January 2024, the Company announced that the Managing Director position had been made redundant, effective immediately.

On 18 January 2024, the Company announced that a potential strategic partner for the project had declined to continue negotiations with the Company.

On 12 February 2024, the Company announced that Jordan Mehrtens had been appointed as a Non-Executive Director.

On 21 February 2024, the Company announced that an agreement in principle had been reached between DL E&C and NRZ that the contract for the NRUP would be broken into two parts, being an engineering and procurement contract, and a construction and commissioning contract.

On 2 April 2024, the Company announced that it had finalised a $2m sale and leaseback agreement over its four Siemens power generators, which were recorded within the property, plant and equipment balance with a carrying value of $3.4m at 31 December 2023.

In the Directors' opinion, no other events or circumstances have arisen since the end of the reporting period that have significantly or may significantly affect the operations of the Company or the Group.

AUDITOR'S INDEPENDENCE

Ernst & Young continues in office in accordance with Section 327 of the *Corporations Act 2001*.

The auditor has not been engaged during the year for any non-audit services which may have impaired the auditor's independence. The auditor's independence declaration for the half-year ended 31 December 2023 has been received and is included in this report.

Signed in accordance with a resolution of the Board.

D J Peters

Executive Chairman

Dated this 11th day of April 2024

DIRECTORS' DECLARATION

1. In the opinion of the Directors of NeuRizer Ltd:

    a. The consolidated financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

        i. Giving a true and fair view of the financial position as at 31 December 2023 and of the performance of the Group for the half-year ended on that date; and

        ii. Complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

    b. Subject to the matters set out in the Financial Statements (Note 4), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

D J Peters

Executive Chairman

Dated this 11th day of April 2024

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Auditor's independence declaration to the directors of NeuRizer Ltd

As a lead auditor for the review of the half-year financial report of NeuRizer Ltd for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of NeuRizer Ltd and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

L A Carr
Partner
11 April 2024

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

	Notes	31 December 2023 $	31 December 2022 $
Other income		-	-
Other expenses		(856,531)	(2,634,276)
Depreciation of property, plant and equipment		(7,123)	(48,659)
Employee benefits expense	12	260,507	(6,145,775)
Operating loss		**(603,179)**	**(8,828,710)**
Finance income		15,347	48
Finance costs		(211,300)	(534,160)
Loss before income tax		**(799,131)**	**(9,362,822)**
Income tax		-	-
Loss for the year after income tax		**(799,131)**	**(9,362,822)**
Total other comprehensive income		-	-
Total comprehensive (loss) for the half-year		**(799,131)**	**(9,362,822)**
Earnings per share		**Cents**	**Cents**
Basic (cents per share)	9	(0.06)	(0.95)
Diluted (cents per share)	9	(0.06)	(0.95)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 31 December 2023

	Notes	31 December 2023 $	30 June 2023 $
Assets			
Current assets			
Cash assets		844,480	1,211,663
Trade and other receivables		7,507	19,720
Prepayments		616,055	200,897
Total current assets		**1,468,042**	**1,432,280**
Non-current assets			
Other financial assets		664,886	664,806
Property, plant and equipment		3,765,268	3,846,413
Exploration and evaluation expenditure	5	121,709,185	122,429,070
Right-of-use Asset		231,747	294,721
Total non-current assets		**126,371,007**	**127,235,010**
Total assets		**127,839,049**	**128,667,290**
Liabilities			
Current liabilities			
Trade and other payables		50,152,932	49,244,175
Borrowings		244,305	2,196,185
Employee entitlements		1,151,336	1,975,505
Lease liabilities		83,833	111,072
Other financial liabilities	11	323,333	1,545,556
Total current liabilities		**51,955,739**	**55,072,493**
Non-current liabilities			
Employee entitlements		145,239	110,601
Lease liabilities		106,775	135,386
Provision for restoration and make-good		595,000	595,000
Total non-current liabilities		**847,014**	**840,987**
Total liabilities		**52,802,753**	**55,913,480**
Net assets		**75,036,296**	**72,753,810**
Share capital	6	161,086,117	157,405,054
Share option reserve	7	15,974,755	16,564,201
Retained losses		(102,024,576)	(101,225,445)
Total equity		**75,036,296**	**72,753,810**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the half-year ended 31 December 2023

	SHARE CAPITAL $	RETAINED LOSSES $	SHARE OPTION RESERVE $	TOTAL EQUITY $
BALANCE 1 July 2023	**157,405,054**	**(101,225,445)**	**16,574,201**	**72,753,810**
Total comprehensive income				
Total profit or (loss)	-	(799,131)	-	(799,131)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	**(799,131)**	-	**(799,131)**
Transactions with members in their capacity as owners:				
Issue of share capital (net of costs)	3,681,063	-	-	**3,681,063**
Issue and valuation of share-based payments	-	-	(599,446)	**(559,446)**
Total transactions with owners	**3,681,063**	-	**(559,446)**	**(559,446)**
BALANCE AT 31 December 2023	**161,086,117**	**(102,024,576)**	**15,974,755**	**75,036,296**

	SHARE CAPITAL $	RETAINED LOSSES $	SHARE OPTION RESERVE $	TOTAL EQUITY $
BALANCE 1 July 2022	**128,679,704**	**(84,963,309)**	**12,771,247**	**56,487,642**
Total comprehensive income				
Total profit or (loss)	-	(9,362,822)	-	(9,362,822)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	**(9,362,822)**	-	**(9,362,822)**
Transactions with members in their capacity as owners:				
Issue of share capital (net of costs)	19,789,254	-	-	**19,789,254**
Issue of share-based payments	-	-	2,435,044	**2,435,044**
Total transactions with owners	**19,789,254**	-	**2,435,044**	**22,224,298**
BALANCE AT 31 December 2022	**148,468,958**	**(94,326,131)**	**15,206,291**	**69,349,118**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the half-year ended 31 December 2023

	Notes	31 December 2023 $	31 December 2022 $
Operating activities			
Interest received		15,347	48
Payments to suppliers and employees		(1,975,973)	(4,705,532)
Net cash flows used in operating activities		**(1,960,636)**	**(4,705,484)**
Investing activities			
(Purchase)/Disposal of property, plant & equipment		17,364	(117,839)
Capitalised exploration costs		(1,649,770)	(20,590,524)
Draw down form long-term bank deposits		3	530,820
R&D rebates received		3,049,600	-
Net cash flows used in investing activities		**1,417,196**	**(20,177,543)**
Financing activities			
Issue of shares		2,722,389	18,437,304
Proceeds for unissued share capital		-	3,600,000
Share issue transaction costs		(247,251)	(266,652)
Proceeds from sale of subsidiary		-	3,104,956
Proceeds from borrowings		-	270,344
Payments of borrowing costs		(2,290,817)	(80,134)
Payment of principal of lease liabilities		(8,074)	(8,073)
Net cash flows from financing activities		**176,246**	**25,057,745**
Net change in cash and cash equivalents		(367,184)	174,718
Cash and cash equivalents, beginning of year		1,211,663	443,249
Cash and cash equivalents, end of year		**844,479**	**617,967**

The accompanying notes form part of these financial statements.

1. Corporate Information

The interim consolidated financial statements of NeuRizer Ltd and its subsidiaries (the "Group") for the half-year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 11 April 2024. NeuRizer is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The registered office is located at Level 11, 19 Grenfell Street, Adelaide SA 5000.

The Groups principal activity is developing the NeuRizer Urea Project (NRUP).

2. General information and statement of compliance

The interim consolidated financial statements of the Group have been prepared in accordance with Australian Accounting Standards (AAS) as issued by the Australian Accounting Standards Board (AASB). The statements have been prepared on an accrual basis and are based on historical costs, except for certain financial liabilities for which the fair value basis of accounting has been applied. The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent and other entities within the Group, and rounded to the nearest dollar, except where otherwise indicated. The financial statements do not include all the information required in annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australia Securities Exchange Listing Rules and the Corporations Act 2001.

3. Changes in significant accounting policies

The financial statements have been prepared under the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2023. The accounting policies included in the Group's previous annual financial statements for the year ended 30 June 2023 are the relevant policies for comparatives. No new standards were adopted as at 1 July 2023 that had a significant impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities, the realisation of assets and settlement of liabilities in the ordinary course of business, and at amounts stated in the financial report.

In the half-year that ended 31 December 2023, the Group incurred a loss of $799,131 (31 December 2022: $9,362,822) and had net operating and investing cash outflows of $543,440 (31 December 2022: $24,883,027). As at 31 December 2023 The Group had net assets of $75,036,296 (30 June 2023: $72,753,810) and its current liabilities exceeded its current assets by $50,487,697 (30 June 2023: $53,640,213).

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial statements, have prepared a cash flow forecast through to 30 April 2025, which considered the following factors are necessary for the Group to have sufficient cash to continue as a going concern:

- In accordance with the Group’s announcement on the 5 February 2024, DL E&C Co Ltd (Daelim) have confirmed via written correspondence to NRZ that the Group is not deemed to be in default in respect of the trade creditors and accruals balances outstanding (disclosed in Note 10), and NRZ will accrue interest on the amounts due after 31 January 2024 at the Secured Overnight Financing Rate +3% annual rates. Interest will accrue at this rate whilst NRZ continues discussions on two strategic transactions that are expected to enable the Group to generate revenue and positive cash flows. There is no certainty of the outcome of these discussions regarding strategic transactions however, if successful it is expected one or more of the transactions would be completed by July/August 2024. If one or both of these transactions are completed, it is expected that the Group would enter into a payment agreement to pay the existing debt owing to Daelim over an as yet unspecified period. Notwithstanding, Daelim maintains the ability to call the debt owing in respect of the outstanding trade creditors at any time. The Group's ability to continue as a going concern for at least 12 months from the date of this report requires the continuation of a deferral agreement with Daelim for the sum due, until such time as the Group has the financial capacity to repay the amounts owing, in whole, or in part (as agreed with Daelim).

- On 2 April 2024, the Group announced that it had finalised a $2m sale and leaseback agreement over its four Siemens power generators. The Group confirms that it has received this sale amount (plus GST) at the date of this report, and that the cash flow considerations for the next 12 months includes monthly lease payments due.
- The Group plans to complete an equity raise in the quarter ended 30 June 2024, and has signed a mandate for the appointment of a Lead Manager for a private placement of approximately $2m of shares. The Directors also consider the Group has the ability to raise additional funds via equity or convertible notes, as required, within the next 12 month period.
- The Group has appointed a property agent to sell five properties held by the Group, with marketing expected to commence imminently. The Group aims to have completed these sales by the quarter ended 30 June 2024.
- The Director's cash flow forecasting assumes prudent cash management and continued scaling back of corporate, NRUP and other costs to its minimum commitments. The Group's staff numbers have been reduced significantly over the previous twelve months. The Group's current cash management activities include significant reductions in remuneration to the remaining Directors, Executives, other Management and staff and the vacating of our previous office building in favour of a smaller and less costly space. The forecast also assumes that expenditure on the NRUP is minimised whilst the Stage 1 environmental approval remains with the federal government. In addition, the forecast for the period includes settlement of any amounts owing to our former Managing Director following his redundancy in January 2024.

Should the Group be unsuccessful in achieving the above matters in the timeframes set out above, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The impacts of delays in the ability to spend on the NRUP due to working capital limitations means that short-term spend on the NRUP will be limited to maintaining permitting requirements and undertaking further assessment of the latest construction cost estimates as set out in the latest feasibility report. This aligns with minimising spend whilst the Stage 1 environmental approval remains with the federal government. The combined impact of these matters on the Group's assessment of its E&E carrying values is disclosed in Note 5.

5. Exploration and Evaluation Expenditure

Accounting policy – Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the right of tenure is current, and those costs are expected to be recouped through the successful development of the area of interest (or by its sale). These costs are also carried forward where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and evaluation of the area and associated projects to enable the technically and commercially feasible recovery of resources are continuing. When a Final Investment Decision (FID) on a project or area of interest is made, the amounts will be transferred to assets under development.

At 31 December 2023, the Group has $121,709,185 capitalised in respect of its E&E assets. The Group incurred $2,312,404 in capitalised expenditure on the NRUP during the period. The net reduction in the carrying value of E&E assets is due to the receipt of research and development tax refunds for prior year expenditure, which was received in December 2023. The large majority of costs capitalised in the period for the NRUP relate to the refinement of the Bankable Feasibility Study (BFS).

The Group has performed an assessment for indicators of impairment of the E&E assets in accordance with the requirements of AASB 6 and notes that:

- The Group continues to maintain its tenure over the area of interest (AOI), in this case the Group continues to maintain Petroleum Exploration Licence 650, Petroleum Production Licence 269, Associated Activities Licence 292, Petroleum Retention Licence 247, and Gas Storage Exploration Licence 662. All these licences related to the NRUP area of interest (AOI).
- The AOI contains a quantified resource of 1,153PJ.
- Notwithstanding the scaling back of expenditure in the short term, there remains significant Stage 1 and Stage 2 expenditure forecast beyond the immediate 12 month forecast period for the advancement of the Group’s NRUP, to finalise the BFS and proceed to an investment decision. However, expenditure is being minimised in the short-term due to both the current uncertainty surrounding the assessment of Stage 1 under the EPBC Act by the Federal Government, and the immediate funding constraints disclosed in Note 4.
- The latest version of the NRUP feasibility study report received in December 2023 indicates significantly higher construction costs for Stage 2 of the project than forecast in the prior version. During the period the Group continued to work with Engineering, Procurement and Construction (EPC) contractor and partner Daelim on cost optimisation.
- It has been agreed in principle, the contract for the NRUP will be broken into two parts, being an engineering and procurement contract (likely to be awarded to Daelim if agreement as to cost is reached and a final investment decision is taken) and a construction and commissioning contract likely to be directly between NRZ and a construction company of NRZ’s choosing, following a competitive bidding process. Daelim has agreed to provide NRZ with all material in its possession that may assist NRZ with this process, including certified quantities.
- Assuming a formal agreement is reached that reflects the foregoing, NRZ believes that this approach will significantly reduce the overall cost of the project and render it more demonstrably viable than under the cost estimates on which the December 2023 Daelim Report was based. NRZ has also engaged a quantity surveyor to assess the costs and assist further with optimisation.

- It has also been agreed that the project will now proceed on the basis that the power for the project will come from the South Australian electricity grid rather than a syngas fired power station constructed as part of the project. The capital and operating cost of grid power and how it may be funded is still to be finalised. Resolution of the cost and means of funding the grid connection will give greater certainty to the revised feasibility study report.
- Daelim and NRZ are yet to reach agreement on the period to be allowed for the obtaining of competitive pricing for the construction and commissioning of the project, resulting in the issue of a revised final feasibility study report reflecting the revised project delivery methodology and costing. There is no certainty that a formal agreement will be reached reflecting the above matters, but each party is actively working to that end.
- Given the significant work that remains ongoing and the key project decisions that remain under consideration, the Group considers it appropriate to continue to carry forward the carrying value of the NRUP project pending further evaluation and assessment, at 31 December 2023.

	Six months to 31 December 2023 $	12 months to 30 June 2023 $
Balance at opening	122,429,070	50,110,816
Licence fees	17,311	28,970
Costs capitalised for Joint Operation	-	1,190,728
Derecognition of costs capitalised for Joint Operation upon sale of subsidiary	-	(2,011,431)
Costs capitalised for NRUP	2,312,404	78,639,090
Less R&D tax concession rebates	(3,049,600)	(5,529,103)
Total exploration and evaluation expenditure	**121,709,185**	**122,429,070**

6. Issued Capital

Accounting policy – Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

ORDINARY SHARES

Ordinary shares participate in dividends and the proceeds on winding up the parent entity in proportion to the number of shares held. At the shareholders' meeting, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on a show of hands. All issued shares are fully paid. All unissued shares are ordinary shares of the Company. The issued capital below is net of any capital raising costs.

	31 December 2023	30 June 2023
Total issued capital (net of costs) ($)	161,086,117	157,405,054
Shares on issue (number of shares)	1,371,279,041	1,245,920,575

Additional shares were issued during the financial year relating to capital raising and other activities listed below.

DETAILED TABLE OF CAPITAL ISSUED DURING THE PERIOD

Type of share issue	Date of issue	No' of ordinary shares on issue	Issue price $	Share capital $
Opening balance 1 July 2023		1,245,920,575		164,884,263
Options exercise	7/07/2023	481,006	-	-
Options exercise	21/07/2023	356,902	-	-
Options exercise	4/08/2023	754,249	-	-
Options exercise	15/08/2023	426,786	-	-
Options exercise	22/08/2023	666,547	-	-
Private Share Placement	5/09/2023	20,000,000	0.05	1,000,000
Options exercise	11/09/2023	797,575	-	-
Options exercise	9/10/2023	7,335,591	-	-
Options exercise	1/11/2023	541,667	-	-
Options exercise	8/11/2023	165,000	-	-
Renounceable Rights Issue	24/11/2023	68,653,291	0.03	1,716,333
Energy Exploration Capital Partners	4/12/2023	10,526,316	0.02	242,105
Options exercise	5/12/2023	359,722	-	-
Private Share Placement	7/12/2023	14,285,714	0.07	1,000,000
Options exercise	20/12/2023	8,100	0.07	567
Issued capital		**1,371,279,041**		**168,843,268**

7. Reserves

ACCOUNTING POLICY - RESERVES

The share option reserve is used to recognise the fair value of options granted to employees, consultants and financiers but not exercised. Upon exercise of the options, the proceeds are allocated to share capital.

	31 December 2023 $	30 June 2023 $
Share option reserve	15,974,757	16,574,201
Total reserves	**15,974,757**	**16,574,201**

A breakdown of the share option reserve at 31 December 2023 is as follows:

	No. of Unlisted Options on Issue	Reserve $
Directors	10,464,461	5,634,810
Employees	19,314,372	4,147,696
Former employees	410,000	480,303
Other consultants and financiers	29,638,693	5,711,9448
Total	**59,827,526**	**15,974,757**

(i) Number of options granted during the year

	31 December 2023	Weighted-average exercise price
Outstanding at the beginning of the year	159,327,428	$0.24
Forfeited	-	-
Expired	(1,860,000)	$0.19
Granted	108,837,246	$0.06
Exercised	(11,893,145)	$0.00
Outstanding	254,411,529	$0.17

	30 June 2023	Weighted-average exercise price
Outstanding at the beginning of the year	167,585,433	$0.26
Forfeited	(650,000)	$0.12
Expired	(27,533,662)	$0.22
Granted	43,670,965	$0.25
Exercised	(23,745,308)	$0.00
Outstanding	159,327,428	$0.24

8. Related Party Transactions

Transactions between related parties are on standard commercial terms and conditions no more favourable than those to other parties, unless otherwise stated:

i) Zheng Xiaojiang was reimbursed for travel expenses of $10,370 during the period (2022: $102,585 for investor relations services). Mr Xiaojiang is a Non-Executive Director of the Company.

9. Earnings per Share

The basic earnings per share calculation at 31 December 2023 was based on the loss attributable to ordinary equity holders of $799,131 (2022: $9,362,822) and a weighted average number of ordinary shares outstanding during the 6 months of 1,282,101,126 (2022: 985,451,332).

The diluted loss per share calculation at 30 June 2023 is the same as the basic diluted loss per share. Per AASB 133 Earnings per share, as potential ordinary shares may result in a situation where their conversion decreases the loss per share, no dilutive effect has been considered. There were no dilutive potential ordinary shares in existence during the year (2022: none) as the Company's share options were anti-dilutive.

10. Stage 2 Contract with DL E&C Co., Ltd

In June 2021, the Company entered into an Engineering, Procurement, Construction and Commissioning (EPCC) contract for a 1Mtpa urea production plant with South Korean engineering and construction company, DL E&C Co., Ltd (DL). Under this contract, DL are managing the NRUP Bankable Feasibility Study (BFS) with NexantECA, and Front-End Engineering & Design (FEED) stages, ahead of a Final Investment Decision (FID). In February 2024, it was agreed in principle that the contract for the NRUP will be broken into two parts, being an engineering and procurement contract (likely to be awarded to DL E&C if agreement as to cost is reached and a final investment decision is taken) and a construction and commissioning contract likely to be directly between NRZ and a construction company of NRZ's choosing, following a competitive bidding process. DL E&C has agreed to provide NRZ with all material in its possession that may assist NRZ with this process, including certified quantities. Assuming a formal agreement is reached that reflects the foregoing, NRZ believes that this approach will significantly reduce the overall cost of the project and render it more demonstrably viable than under the cost estimates on which the December 2023 DL Report was based. See Note 5 for the Company's assessment of impairment and carrying value of its Exploration & Evaluation assets at December 2023.

Initial services provided under the contract require total payments of USD 29,265,000 to DL, payable in four milestones, as follows:

1) 30% of the Services Fee, payable after the Company issued a Notice to Proceed on 2 August 2021, paid as at 31 December 2023.
2) 30% of the Services Fee to be invoiced on or after the first date on which the process design packages for both the ammonia (including sulphur recovery) plant and the urea plant comprised in the Works have been delivered to DL by the relevant Licensor. This amount is outstanding as at 31 December 2023, and recorded within Trade Creditors.
3) 15% of the Services Fee to be invoiced on or after the date Services Completion occurs, outstanding as at 31 December 2023, and recorded within Trade Creditors.
4) 25% of the Services Fee to be invoiced on or after the date that the Company's board of directors makes a FID on the NRUP, uninvoiced as at 31 December 2023, and recorded within Accruals.

The full value of initial services has now been provided, however as a FID has not yet been made, milestone 4 has not been met and the amount is not yet invoiced but recorded within accruals. The total amount not yet paid but owing for the Initial Services is USD 20,485,500.

In April 2022, the Company approved the appointment of ammonia and urea licensors for the NRUP. KBR delivered the Basic Engineering Design Package (BEDP) and Final Piping and Instrumentation Design for the NRUP. Under the contract with DL, following the appointment of the licensors, an additional USD 15,001,280 was payable, of which USD 6,214,880 was outstanding as at 31 December 2023, as follows:

1) 30% after the execution of the licensor contract, paid as at 31 December 2023.
2) 30% on delivery of the Process Flow Diagrams, for which the majority has been paid as at 31 December 2023, and the balance recorded within Trade Creditors.
3) 20% on delivery of the Piping and Instrument Diagram, outstanding as at 31 December 2023, and recorded within Trade Creditors.
4) 10% on delivery of the Draft BEDP, outstanding as at 31 December 2023, and recorded within Trade Creditors.
5) 10% on delivery of the Final BEDP, outstanding as at 31 December 2023, and recorded within Trade Creditors.

In addition to the above amounts owing in respect of Initial Services and other packages, the Company has also agreed to Interest charges of USD 1,005,845, recorded in Accruals. The Company will continue to accrue interest charges after 31 January 2024 at the Secured Overnight Financing Rate +3% (annual).

11. Energy Exploration Capital Partners (EECP)

December 2021 EECP Agreement

In December 2021, the Company entered into an Institutional Share Placement agreement with EECP. This financing agreement consists of payments of up to $20m in four tranches, the first three tranches totalling $15m to be drawn upon at the Company's discretion, with the fourth tranche of $5m requiring subsequent agreement with EECP. A total of $15m has been drawn under the agreement between December 2021 and September 2022, with the fourth tranche undrawn.

A summary of the shares issued in settlement of outstanding subscription amounts (SAs) during the period is as follows:

Date of issue	Number of shares issued	Placement Price[1]	Other Financial Liability	Fair Value[2]
4 December 2023	10,526,316	200,000	200,000	242,105
Half-year ended 31 December 2023	**10,526,317**	**200,000**	**200,000**	**242,105**

(1) The Placement Price of these shares was determined as 90% of the average of five daily VWAPs per share (selected by EECP) during the 20 trading days before receipt of a Settlement Notice.

(2) The difference between the balance of Other Financial Liability $200,000 and the Fair Value of $242,105 is recognised within finance costs in the statement of profit or loss and other comprehensive income.

	Funds received $	Expense/FVTPL $	Other Financial Liability movement $	Other Financial Liability balance $
Opening balance 1 July 2023				**(1,545,556)**
Issue of shares EECP – 4 December 2023	-	42,105	200,000	(1,345,556)
Issue of shares Zhe Wang – 7 December 2023	-	-	1,000,000	(345,556)
Adjustment to FV at 31 December 2023	-	(22,222)	22,222	(323,334)
Half-year ended 31 December 2023	**-**	**19,883**	**222,222**	**(323,334)**

12. Employee remuneration

	Six months to 31 December 2023 $	6 months to 31 December 2022 $
Wage, salaries (inc. on-costs)	1,234,363	2,520,490
Superannuation	151,681	204,773
Share-based payments	(857,020)	2,435,044
Employee Provisions	(789,531)	985,468
Total employee benefits expense	**(260,507)**	**6,145,775**

The reduction in number of employees during the period as well as employment contract variations has led to a reduction in the employee provisions for annual leave and long service leave required as at 31 December 2023. Furthermore, ongoing remeasurement of share based payments for which grant date had not yet passed has led to a reduction in the cumulative share based payment expense and share based payment reserve to be recorded, resulting in a credit to the income statement being recorded in the six month period.

13. Matters subsequent to the end of the period

On 15 January 2024, the Company announced that the Managing Director position had been made redundant, effective immediately.

On 18 January 2024, the Company announced that a potential strategic partner for the project had declined to continue negotiations with the Company.

On 12 February 2024, the Company announced that Jordan Mehrtens had been appointed as a Non-Executive Director.

On 21 February 2024, the Company announced that an agreement in principle had been reached between DL E&C and NRZ that the contract for the NRUP would be broken into two parts, being an engineering and procurement contract, and a construction and commissioning contract.

On 2 April 2024, the Company announced that it had finalised a $2m sale and leaseback agreement over its four Siemens power generators, which were recorded within the property, plant and equipment balance with a carrying value of $3.4m at 31 December 2023.

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Independent auditor's review report to the members of NeuRizer Ltd

Conclusion

We have reviewed the accompanying half-year financial report of NeuRizer Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 4 of the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
11 April 2024

CORPORATE DIRECTORY

Directors

Daniel J Peters
Executive Chairman

Zhe Wang
Non-Executive Director

Zheng Xiaojiang
Non-Executive Director

Sunghun Ryu
Non-Executive Director

Jordan Mehrtens
Non-Executive Director
Company Secretary

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Auditors
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Share Registrar
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