NeuRizer Ltd

Interim Financial Report

31 December 2022

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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 2022.

Directors

The names of the Directors of the Company in office at any time during the half-year ended 31 December 2022 and up to the date of this report are:

- Daniel Justyn Peters
- Phillip Staveley
- Murray Chatfield
- Zheng Xiaojiang
- Zhe Wang
- Jaehyung Yoo – appointed 6 August 2022

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 2022 was $9,362,822 (2021: $8,068,669). This includes share-based payment expenses of $2,435,044 (2021: $2,545,075). Expenditure incurred primarily on the NRUP capitalised as Exploration expenditure was $43,359,845 (2021: $5,657,225).

In July 2022, DL E&C Co. Ltd made a 9.1% strategic investment in the company, resulting in the receipt of $14.6 million (US$10 million).

In September 2022, the company received the third tranche of $3.6 million under its Institutional Share Placement agreement with Energy Exploration Capital Partners, LLC (EECP).

In October 2022, the company undertook a private share placement, resulting in the receipt of $3.76 million before costs.

In December 2022, the company received an Advance Finding for eligible Research and Development expenditure for the FY22 to FY24 years. A cash rebate of $5.54m is expected to be received in respect of FY22 expenditure.

Operating Activities

NeuRizer Urea Project:

During this period, the company made several significant achievements. Key activities during the period include:

- The execution of a binding, long-term offtake agreement with Daelim Co Ltd ("DL Trading") for 500,000 tonnes of granular urea per year. This agreement is conditional upon and will have no force or effect until the achievement of Commercial Production, among other factors.
- The declaration by the South Australian Government that the NRUP is an Impact Assessed Development (formerly known as a "Major Project Declaration")

- The execution of a six-month exclusivity agreement with the South Australian Government to negotiate for access to the railway corridor assets between Leigh Creek and Port Augusta.
- The signing of a cooperation agreement between NRZ partner Daelim and South Australian Premier Peter Malinauskas
- Front-End Engineering Design and the Bank Feasibility Study are progressing as forecast.

Significant events after the balance date

In February, the company received $4.19m in debt financing against eligible R&D expenditure incurred in FY22.

In February, the company also reduced its staffing in line with short-term operational requirements, and cost saving measures.

In March, the company raised $1.4m before costs, via a Private share Placement.

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 2022 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 16th day of March 2023

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 2022 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. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, subject to the outcomes required in the Notes to the Financial Statements (see Note 4).

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

D J Peters

Executive Chairman

Dated this 16th day of March 2023

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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 2022, 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
16 March 2023

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

	Notes	31 December 2022 $	31 December 2021 $
Other income		-	-
Other expenses		(2,634,276)	(1,959,568)
Depreciation of property, plant and equipment		(48,659)	(96,892)
Employee benefits expense		(6,145,775)	(4,209,616)
Operating loss		**(8,828,710)**	**(6,266,076)**
Finance income		48	78
Finance costs	12	(534,160)	(1,802,671)
Loss before income tax		**(9,362,822)**	**(8,068,669)**
Income tax		-	-
Loss for the year after income tax		**(9,362,822)**	**(8,068,669)**
Total other comprehensive income		-	-
Total comprehensive (loss) for the half-year		**(9,362,822)**	**(8,068,669)**
Earnings per share		**Cents**	**Cents**
Basic (cents per share)	10	(0.95)	(0.97)
Diluted (cents per share)	10	(0.95)	(0.97)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 31 December 2022	Notes	31 December 2022 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		617,967	443,249
Trade and other receivables	5	5,626,195	14,653,011
Prepayments		581,729	339,847
Other financial assets		-	630,367
Total current assets		**6,825,891**	**16,066,474**
Non-current assets			
Other financial assets		664,886	565,339
Property, plant and equipment		3,823,667	3,870,102
Exploration and evaluation expenditure	6	93,470,661	50,110,816
Other assets	11	2,992,963	20,756,365
Right-of-use Asset		357,242	237,154
Total non-current assets		**101,309,418**	**75,539,776**
Total assets		**108,135,309**	**91,606,250**
Liabilities			
Current liabilities			
Trade and other payables		25,529,630	14,252,848
Borrowings		280,531	76,704
Employee entitlements		2,002,095	1,047,387
Lease liabilities		112,347	52,454
Other financial liabilities	12	6,878,889	18,840,228
Contract liabilities	13	3,104,956	-
Total current liabilities		**37,908,448**	**34,269,621**
Non-current liabilities			
Employee entitlements		92,136	61,377
Lease liabilities		190,607	192,610
Provision for restoration and make-good		595,000	595,000
Total non-current liabilities		**877,743**	**848,987**
Total liabilities		**38,786,191**	**35,118,608**
Net assets		**69,349,118**	**56,487,642**
Share capital	7	148,468,958	128,679,704
Share option reserve	8	15,206,291	12,771,247
Retained losses		(94,326,131)	(84,963,309)
Total equity		**69,349,118**	**56,487,642**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the half-year ended 31 December 2022

	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**

	SHARE CAPITAL $	RETAINED LOSSES $	SHARE OPTION RESERVE $	TOTAL EQUITY $
BALANCE 1 July 2021	**107,607,468**	**(64,565,152)**	**8,260,419**	**51,302,735**
Total comprehensive income				
Total profit or (loss)	-	(8,068,669)	-	(8,068,669)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	**(8,068,669)**	-	**(8,068,669)**
Transactions with members in their capacity as owners:				
Issue of share capital (net of costs)	5,164,789	-	-	**5,164,789**
Issue of share-based payments	-	-	2,545,075	**2,545,075**
Total transactions with owners	**5,164,789**	-	**2,545,075**	**7,709,864**
BALANCE AT 31 December 2021	**112,772,257**	**(72,633,821)**	**10,805,494**	**50,943,930**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the half-year ended 31 December 2022

	Notes	31 December 2022 $	31 December 2021 $
Operating activities			
Interest received		48	78
Payments to suppliers and employees		(4,705,532)	(4,174,350)
Net cash flows used in operating activities		**(4,705,484)**	**(4,174,272)**
Investing activities			
Purchase of property, plant & equipment		(117,839)	(32,807)
Capitalised exploration costs		(20,590,524)	(16,811,503)
Draw down form long-term bank deposits		530,820	(630,367)
Net cash flows used in investing activities		**(20,177,543)**	**(17,474,677)**
Financing activities			
Issue of shares		18,437,304	-
Proceeds for unissued share capital	12	3,600,000	7,500,000
Proceeds from exercise of options		-	30,000
Share issue transaction costs		(266,652)	(78,544)
Proceeds from sale of subsidiary	13	3,104,956	-
Proceeds from borrowings		270,344	
Payments of borrowing costs		(80,134)	(228,859)
Payment of principal of lease liabilities		(8,073)	(70,389)
Net cash flows from financing activities		**25,057,745**	**7,152,208**
Net change in cash and cash equivalents		174,718	(14,496,741)
Cash and cash equivalents, beginning of year		443,249	22,812,361
Cash and cash equivalents, end of year		**617,967**	**8,315,620**

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 2022 were authorised for issue in accordance with a resolution of the directors on 16 March 2023. 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 and 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 2022 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 2022. The accounting policies included in the Group's previous annual financial statements for the year ended 30 June 2022 are the relevant policies for comparatives. No new standards were adopted as at 1 July 2022 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 a 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 ended 31 December 2022, the Group incurred a loss of $9.4 million (2021: $8.1 million), had net operating and investing cash outflows of $24.9 million (2021: $21.6 million), and net assets of $69.6 million (2021: $50.9 million). As at 31 December 2022, the Group's current liabilities exceeded its current assets by $31.1 million (2021: $1.5 million).

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 March 2024, which considered the following factors are necessary for the Group to have sufficient cash to continue as a going concern:

- The Company has access to $5 million in funding via Tranche 4 of its agreement with Energy Exploration Capital Partners (EECP) which can be drawn upon at amounts, as agreed between EECP and the Company.
- The Company expects to receive a Research and Development (R&D) tax rebate of net $1.18 million (being $5.54m R&D tax rebate, net of the repayment of $4.19 million debt financing previously drawn

against this rebate, and net of associated fees) after the processing of its FY22 Income Tax Return, lodged in March 2023. The Company also intends to secure debt funding of approximately $2.1 million against eligible FY23 interim expenditure to date after receiving the FY22 rebate. An Advance Finding on the Eligible Expenditure which is the subject of the R&D tax rebate has been received.

- The Director's cash flow forecasting assumes prudent cash management and scaling back of corporate, NRUP and other costs to its minimum commitments as evidenced by the corporate costs in February 2023. The Company's current cash management activities include reduced cash remuneration to Directors, Executives, and other staff, with options being issued for the forgone amounts.
- Agreement has been reached with Daelim to defer payment of amounts owing on the NRUP until 1 July 2023. Amounts for which revised payment terms have been received was $22 million at 31 December 2022. Revised payment terms of 1 July 2023 have also been agreed for amounts expected to be incurred on the NRUP between 1 January 2023 and 30 June 2023.
- The ability and expectation that the Group can raise additional debt or equity, recently raising $1.3m after costs in March 2023 via a Private Placement of shares.

At the date of this report, the Directors are in discussions about several funding options, primarily focused on convertible notes (for which non-binding letters of intent have been received, subject to agreement of terms, and due diligence) and a strategic partnership. If the convertible notes and/or strategic partnership above are not secured, other funding options will be pursued through the issue of equity or other debt. The Directors have reasonable grounds to believe that the Group will be able to achieve the matters set out above and that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unsuccessful in achieving the matters 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.

5. Trade and Other receivables

Accounting policy – Trade and other receivables

Trade and other receivables are recognised initially at fair value. At the balance date, no receivables were outstanding or impaired.

	31 December 2022 $	30 June 2022 $
Receivable for share placement with DL Trading	-	14,515,895
R&D tax rebate receivable	5,541,724	-
Other receivables	84,471	137,116
Total trade and other receivables	**5,626,195**	**14,653,011**

6. 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 an FID on a project or area of interest is made, the amounts will be transferred to assets under development.

When production commences, the accumulated costs for the relevant area of interest are amortised over the project's life at the rate of depletion of the economically recoverable reserves. Accumulated costs concerning an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

	Six months to 31 December 2022 $	12 months to 30 June 2022 $
Balance at opening	50,110,816	30,823,397
Licence fees	20,618	24,408
Costs capitalised for Joint Operation	1,190,728	307,558
Costs capitalised for NRUP	47,690,222	18,955,459
Less R&D tax concession rebates	(5,541,724)	(6)
Total exploration and evaluation expenditure	**93,470,660**	**50,110,816**

7. 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 2022 $	30 June 2022 $
Total issued capital	148,468,958	128,679,704
Shares on issue	1,106,560,638	954,414,716

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 2022		954,414,716		135,855,015
Private Share Placement	6/07/2022	97,551,458	0.15	14,645,577
Private Share Placement	31/10/2022	37,917,272	0.10	3,791,727
Options exercise	2/11/2022	840,000	-	-
Brokerage Fee	8/11/2022	514,286	0.14	72,000
Options exercise	9/11/2022	700,000	-	-
Options exercise	21/11/2022	480,000	-	-
Energy Exploration Capital Partners	21/11/2022	5,154,640	0.11	567,010
Options exercise	30/11/2022	775,000	-	-
Energy Exploration Capital Partners	1/12/2022	8,163,266	0.12	979,592
Options exercise	12/12/2022	50,000	-	-
Issued capital		**1,106,560,638**		**155,910,921**

8. 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 2022 $	30 June 2022 $
Share option reserve	15,206,291	12,771,247
Total reserves	**15,206,291**	**12,771,247**

A breakdown of the share option reserve at 31 December 2022 is as follows:

	No. of Unlisted Options on Issue	Reserve $
Directors	7,501,293	7,482,919
Employees	15,905,000	3,389,519
Former employees	420,000	460,928
Other consultants and financiers	26,789,010	3,872,925
Total	**50,615,303**	**15,206,291**

(i) Number of options granted during the year

	31 December 2022	Weighted-average exercise price
Outstanding at the beginning of the year	167,585,433	$0.20
Forfeited	(12,201,852)	$0.23
Expired	-	-
Granted	6,845,000	$0.06
Exercised	(2,845,000)	$0.00
Outstanding	159,383,581	$0.20

	30 June 2022	Weighted-average exercise price
Outstanding at the beginning of the year	75,283,640	$0.20
Forfeited	(1,800,000)	$0.22
Expired	(10,000,000)	$0.30
Granted	125,859,401	$0.25
Exercised	(21,757,608)	$0.00
Outstanding	167,585,433	$0.20

9. 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 provided investor relations services on arms-length commercial terms for $95,834 and was reimbursed for travel expenses of $6,751 during the period totalling $102,585 (2021: $136,697). There was $19,167 due for payment at the end of the reporting period. Mr Xiaojiang is a Non-Executive Director of the Company.

10. Earnings per Share

The basic earnings per share calculation at 31 December 2022 was based on the loss attributable to ordinary equity holders of $9,362,822 (2021: $8,068,669) and a weighted average number of ordinary shares outstanding during the 12 months of 985,451,332 (2021: 831,449,125).

The diluted loss per share calculation at 30 June 2022 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 (2021: none) as the Company's share options were anti-dilutive.

11. EPCC Contract with DL E&C (DL)

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 (DL). Under this contract, DL is managing the NRUP Bankable Feasibility Study (BFS) with NexantECA, and Front-End Engineering & Design (FEED) stages, ahead of a Final Investment Decision (FID).

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 2021.
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. Outstanding as at 31 December 2022, due to be paid by 1 July 2023.
3) 15% of the Services Fee to be invoiced on or after the date Services Completion occurs; due to be paid by 1 July 2023.
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 Fertiliser Project.

In addition, the Company is required to pay for Extension of Time and associated costs, the amount for which has not been agreed at the date of this report.

In April 2022, the Company approved the appointment of ammonia and urea licensors for the NRUP. KBR will deliver the Basic Engineering Design Package (BEDP) and Final Piping and Instrumentation Design for the NRUP, a critical requirement for DL to complete its commitment to provide a FEED package. Under the EPCC contract with DL is valued at an additional USD 15,001,280. To date, USD 6,214,880 is unpaid under the contract, due to be paid by 1 July 2023.

Expenditure to DL was capitalised to Exploration and Evaluation Expenditure ($43,918,776 to 31 December 2022) and other assets representing amounts accrued in advance of works being undertaken ($2,992,963).

12. Energy Exploration Capital Partners (EECP) and other Financial Instruments

Accounting Policy – Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price per AASB 15, financial assets are initially measured at fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets recognised in profit or loss are presented within finance costs, finance income or other financial items, except for the impairment of trade receivables presented within other expenses.

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method, except for derivative and financial assets designated at FVTPL. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and other receivables fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade, and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value reported in profit or loss are included within finance costs or finance income.

As the Company's shares are traded on an active market, the ASX, the fair value of equity-settled financial liabilities is calculated at the closing share price at the valuation date, with movements designated at FVTPL.

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.

- The initial tranche of $7.5m less fees was received in December 2021. On execution, the company recognised a financial liability of $7.491m less the fair value of the 14.8m initial placement shares issued to EECP, totalling $2m based on an estimate of 90% of the average of five daily VWAPs per share (selected by EECP) during the 20 trading days before settlement.
- On 19 April 2022, the second tranche of $3.9m was received.
- On 20 April 2022, EECP elected to pay for the initial placement shares in cash, and the Company received $1.909m, with the difference being carried through FVTPL.
- On 12 September 2022, the third tranche of $3.6m was received.

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

SA	Date of issue	Number of shares issued	Placement Price[1]	Other Financial Liability	Fair Value[2]
2	21 November 2022	5,154,640	500,000	500,000	567,010
	1 December 2022	8,163,266	800,000	800,000	979,592
	Half-year ended 31 December 2022	**13,317,906**	**1,300,000**	**1,300,000**	**1,546,602**

(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 $1,300,000 and the Fair Value of $1,546,602 is recognised within finance costs in the statement of profit or loss and other comprehensive income.

EECP Funding Agreement and other finance costs	Funds received $	Expense/FVTPL $	Other Financial Liability movement $	Other Financial Liability balance $
Opening balance 1 July 2022				**(4,324,333)**
T3 Funds received – 12 September 2022	3,600,000		(3,600,000)	(7,924,333)
Issue of shares – 8 November 2022	-	67,010	500,000	(7,424,333)
Issue of shares – 1 December 2022	-	179,592	800,000	(6,624,333)
Adjustment to FV at 31 December 2022	-	254,556	(254,556)	(6,878,889)
Other finance costs	-	33,002	-	(6,878,889)
Half-year ended 31 December 2022	**3,600,000**	**534,160**	**(2,554,556)**	**(6,878,889)**

Other Fees

On receipt of tranche three funds, a share placement fee of $108,000 and 514,286 of the company's own shares (valued at $72,000) were payable to Odeon Capital, issued on 8 November 2022.

13. Contract Liabilities relating to sale of subsidiary

In December, the Company received payment in relation to a Share Sale Agreement for the sale of 100% of the shares of its Wholly Owned Subsidiary, Leigh Creek Oil & Gas Pty Ltd (LCOG). This sale will not be executed until the approval and registration of LCOG's 20% interest in ATP 2023 and ATP 2024, and the Company becomes a registered holder of those interests. As payment has been received in respect of the sale, but the contract has not been executed in full, the company carries a liability of $3,104,956, to be settled by the transfer of LCOG to the acquirer.

14. Matters Subsequent to the End of the Year

In February 2023, the company received $4.19m in debt financing against eligible R&D expenditure incurred in FY22.

In February, the company also reduced its staffing in line with short-term operational requirements, and cost saving measures.

In March, the company raised $1.4m before costs, via a Private share Placement.

Building a better working world

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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 2022, 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 2022 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 2021 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

L A Carr
Partner
Adelaide
16 March 2023

CORPORATE DIRECTORY

Directors

Daniel J Peters
Executive Chairman

Phillip Staveley
Managing Director

Murray K Chatfield
Non-Executive Director

Zhe Wang
Non-Executive Director

Zheng Xiaojiang
Non-Executive Director

Jaehyung Yoo
Non-Executive Director

Company Secretary
Jordan Mehrtens

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