

# South Australian Business Journal

The Advertiser

Incorporating Business Daily



NeuRizer executive chairman Daniel Justyn Peters at the company's Adelaide office. Picture: James Elsby

## Troubled NeuRizer on brink

**Cameron England**

A controversial South Australian resources project, which was once touted as a potential major contributor to the eastern states gas market and the "largest gas reserve for commercial use" in the state, has had its aspirations hit with a significant delay, in a move certain to be cheered by its opponents, who'd like to see the project killed off forever.

It's the latest development in a long and winding road for ASX-listed entity NeuRizer, which has set numerous deadlines over the past decade for what was at one stage going to be an enormous gas project, and has morphed into a urea project aiming to feed into the fertiliser market.

Those deadlines, which initially foresaw gas production at least five years ago, have not been met, and the company's ability to continue as a going concern is at risk, with the company more than \$50m in debt and the share price languishing below 1c.



Protesters outside Leigh Creek Energy's AGM in 2019.

The latest hit to the NeuRizer Urea Project (NRUP) comes in the form of changes to the federal Environment Protection and Biodiversity Conservation (EPBC) Act, which the company says blindsided it, and mean the development of even the first stage of the project at Leigh Creek – the site of a former thermal coal mine in the state's Far North – is unlikely to happen this year

The NRUP began its life a decade ago as a synthetic gas project, costed at up to \$2.6bn, and, its proponents said (underpinned by consultants' reports) containing thousands of petajoules of gas.

However, after years of political and community controversy, the listed entity backing the project, previously Leigh Creek Energy and now known as NeuRizer, announced in

2021 that it had done away with its aspirations to be a gas and energy company, to focus on urea, and renamed the project the Leigh Creek Urea Project.

In April 2022, the company told the market that while it had completed an "initial" bankable feasibility study, it was not allowed to release this "in accordance with regulatory requirements", and had to wait until a final BFS was ready.

It also signed on Korean firm DL E&C Co as a major shareholder, taking up \$US10m in new shares for a 9.1 per cent stake in the company at 15c a share.

By late-2023, the BFS was still yet to be completed.

Negotiations with a strategic partner over the NRUP project continued, as did the process of trying to obtain environmental approvals.

In January this year, the company made its managing director position redundant, letting go CEO Phil Staveley, who in the 2023 financial year was paid almost \$2m, including almost \$1.2m in cash and \$488,000 worth of share op-

tions. Executive chairman Daniel Peters was paid \$565,700 in base remuneration for that year, with share options pushing his total package to \$1.1m, down from \$2.1m the previous year, in which he was granted \$1.6m of share options.

The company's December quarterly report, released on January 18, revealed that the potential strategic partner had walked away, throwing the timeline for a proposed final investment decision on the urea project up in the air.

Crucially, the SA government also "chose not to allow stage 1 of the NRUP unless a determination was made under the EPBC as to whether ... the project was a controlled action", the company told the ASX.

The company did a self-assessment under the Act, which it said showed that there were "no matters of national environmental significance present or likely to be significantly impacted".

However, the federal government's Department of Climate Change, Energy and

Water told the company it would need to do an environmental impact statement (EIS) for stage 1.

The company also said the government pushed through changes to the Act late last year, bringing unconventional gas under its remit.

"These changes were made despite ministerial assurances that no changes would occur until late 2024 and after consultation," the company said.

The company said it didn't yet even have the terms of reference for the EIS.

"Given the recent legislative amendments, it is unlikely that stage 1 could commence in this calendar year," NeuRizer said. "This has flow-on effects on the company's other timelines."

NeuRizer said last week: "The federal government amended the EPBC Act to include unconventional gas in the water trigger. We have not been advised by the minister's department how this will impact the timing and scope of the approval process.

CONTINUED PAGE 21

# Home giant back in black

## Metricon CEO says business is good, but workforce changes needed

Chris Herde

Australia's largest detached home builder is in "clear waters" and in profit after a rocky period – but Metricon chief executive Brad Duggan is calling for further structural changes in the sector to ensure its further viability.

He said Metricon was supportive of the federal government's ambitious new national target to build 1.2 million new well-located homes over the next five years.

However, Mr Duggan said there was a critical need to build up the workforce, and declared immigration was only a



Metricon CEO Brad Duggan.

short-term solution to the skills shortage.

"I think there's a lot of structural change needed to be made to achieve goals, and trying to get more breadth and capacity in the workforce is a critical component of that," he

said. "Skills are not developed over night. These people are professionals and it takes a long time for them to get to a level to deliver a quality home.

"I think we all have responsibility to redefine what success is for our children because university is not the only pathway to have a successful life and that's the structural change we're talking about."

Mr Duggan became CEO of Australia's largest detached home builder just over 18 months after the sudden death of founder and chief executive Mario Biasin in May 2022.

In August of that year, Metricon slashed its workforce by

9 per cent as home construction slowed with the interest rate hikes, which saw a wave of construction giants collapsing, including Porter Davis Group, Hallbury Homes and Privium.

In July last year, the company said it had raised prices by up to 10 per cent for clients whose original contracts had expired before construction could begin.

Metricon also had a \$100m-plus injection of funds to get it through the rough patch

Mr Duggan said he was "sick of talking about the past" and was looking towards the future.

"We're definitely through the worst of it and we are in

clear water now," he said. "We've done a lot of hard work on ourselves for the past few years and have been profitable for 13 months in a row.

"We're a private company, so we keep that information to ourselves but we're doing quite well, significant multiples on some of the numbers you hear what the other people are talking about in the market.

"So we're very happy on how the market has turned around and really optimistic for 2025."

Metricon's construction starts in 2022-23 were around 4693, compared to almost 6000 in the previous year.

Mr Duggan conceded that

interest rates remained a crucial issue.

"There is a real lot of demand out there but what I worry about is making sure the Reserve Bank gives a clear signal about where they think interest rates are going," he said.

"A really clear, non-nuanced statement that interest rates cycle increases have reached the top would have a big impact on demand. And then in time when they foresee that interest rates will go down, they can signal that.

"We just need to maintain that nice smooth equilibrium in our industry – we don't need peaks and troughs."

## Economy 'holding pattern'

Eli Greenblat

Global tensions and a stalling homebuilding market are keeping the central bank from starting its rate-cutting cycle and generating a clouded economic view of 2024.

An estimated 100,000 Australians could lose their jobs by year's end.

The March 2024 Deloitte Access Economics business outlook says the economy is in a "holding pattern" and the Reserve Bank of Australia won't make a move on official interest rates until November.

Deloitte has warned of stresses in the homebuilding industry, but better news ahead with the extra cash from stage 3 tax cuts soon.

"Our forecasts now include a first rate cut in November this year, based on an acknowledgment that a cautious RBA will likely want to see the September quarter inflation data, released in late October, before pulling the trigger," Deloitte Access Economics partner and report lead author Stephen Smith said.

Deloitte Access Economics expects economic headwinds will take their toll on the labour market in 2024, putting more than 100,000 Aussies out of work and increasing the unemployment rate to 4.6 per cent by the year's end.

## One night out to make a big difference



Illuminate creative director Lee Cumberlidge (left), Vinnies SA chief executive Evelyn O'Loughlin and Adelaide Oval chief executive Nick Addison. Picture: Russell Millard

### Giuseppe Tauriello

Cost of living and housing crises are making it harder for South Australians experiencing homelessness, as Vinnies SA puts the call out to the state's business leaders to lend support by sleeping rough for one night on June 20.

Registrations have opened for the Vinnies CEO

Sleepout, and organisers are hoping this year's event will raise \$900,000.

Participants spend the night on the turf at Adelaide Oval to raise funds for, and increase awareness of, those facing homelessness.

Vinnies SA chief executive Evelyn O'Loughlin said demand for services was rising, while donor numbers were down, and those who

do donate giving less.

"We need new business leaders to join those who have been supporting the Sleepout over the past 15 years to spend a night together networking out of the boardroom and help us help those who don't have a choice over sleeping rough," Ms O'Loughlin said.

Vinnies SA is hoping to raise \$900,000, which

would provide 8280 nights of emergency shelter accommodation; or serve 33,120 meals through its Fred's Van service.

Illuminate Adelaide Foundation co-founders and creative directors Lee Cumberlidge and Rachael Azzopardi are among first-time participants in the Sleepout this year.

Mr Cumberlidge said

business leaders had a responsibility to lead by example, and take action in "addressing social issues including homelessness".

Adelaide Oval chief executive Nick Addison said it was important such a significant and hidden social issue be given centre stage in the heart of the city.

To register, visit [ceosleepout.org.au](http://ceosleepout.org.au)

## Troubled NeuRizer on brink after project delays

FROM PAGE 19

"In addition, we note recent reports in the media purporting to assert that the minister recently announced her intention to hand back the assessment process to state governments.

"Again, we have been given no indication of the timing or impact of this proposal."

By February, its shares were trading at less than 1c.

It owed \$US20.4m to DL E&C Co – payments for bankable feasibility work – but said that it was in talks about two transactions that "are expected to be revenue positive" and expected to be finalised by July or August.

It also revealed in February the final feasibility study on the NRUP, which it had been working on with DL E&C Co, would need to be significantly

reworked, and the power element of the proposal had now also been shelved in favour of grid power.

As it stands now, the company has no set timeline for an EIS to underpin its project, and is going back to the drawing board on a feasibility study for what the project, which was to have started producing gas five years ago, even looks like.

NeuRizer had \$1.47m in

current assets, including \$844,480 in cash at the end of 2023, and \$51.9m in current liabilities. The company has to date capitalised \$121.7m in exploration and evaluation expenditure.

NeuRizer's half-year report included a "going concern" statement about the company's ability to continue to trade on.

Its sole Australian directors are now Mr Peters and his

daughter Jordan Mehrtens, who has been employed by the company for some years and has been its company secretary for some time.

NeuRizer was called upon by the ASX this month to clarify transactions that could help it generate revenue.

In a fundraising document lodged with the ASX on Friday, the company also revealed that ASIC, "gave notice to the com-

pany ... to produce certain books in connection with an investigation regarding possible contraventions of certain provisions of the Corporations Act and ASIC Act".

NeuRizer said that it had handed over the records to ASIC in December and had heard nothing from the agency since. The company's shares closed 16.7 per cent lower on Monday at 0.5c.