

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

Gas supply update for Phosphate Hill plant

6 June 2023

Incitec Pivot Limited (ASX:**IPL**) has today been advised by its gas supplier, Power and Water Corporation (**PWC**), of a reserves shortfall under the gas supply agreement for IPL's Phosphate Hill, Queensland plant (**Gas Supply Agreement**).

Gas for IPL's Phosphate Hill plant is currently supplied under a long-term gas supply agreement between Southern Cross Fertilisers Pty Ltd (IPL's wholly owned subsidiary) and PWC. PWC sources the gas primarily from Eni Australia's Blacktip gas field in the Northern Territory. PWC has advised IPL that it has received notification from Eni Australia that based on newly acquired interim data, there is an unexpected potential reduction in the gas reserves available from the Blacktip gas field. Following Eni Australia's notification to PWC, PWC has notified IPL of a reduction in forecast gas supply under the Gas Supply Agreement from June 2023.

IPL has previously disclosed the forecast impact of the curtailments for FY23 as being \$60m–\$70m to June 2023. Based on today's notification from PWC, IPL expects the additional cost of sourcing shortfall gas for the remainder of FY23 will be \$15m–\$20m bringing the total FY23 EBIT (earnings before interest and tax) impact from sourcing shortfall gas to \$75m–\$90m. The expected full year production from Phosphate Hill remains unchanged at 900-930k tonnes.

PWC has also indicated that the reserve shortfalls are expected to be ongoing beyond FY23 for the remainder of the term of the Gas Supply Agreement (which is to mid-2028). This is based on Eni Australia's preliminary review on the position of the reserves at the Blacktip gas field following a recent workover and drilling campaign.

The financial impact of the ongoing curtailments under the Gas Supply Agreement beyond FY23 will be dependent on a number of factors including the actual level of curtailments by PWC (which will be based on Eni Australia's confirmed position on the Blacktip reserves) and the cost of alternative supply arrangements for Phosphate Hill.

To date, IPL has been sourcing replacement gas from a mix of third-party sources to make up the shortfall and to ensure the ongoing operation of the plant. IPL intends to continue sourcing replacement gas from third parties and is assessing options for future alternative gas supply for Phosphate Hill.

IPL has a dedicated gas team assessing its commercial and legal options in relation to the reserves shortfall notice and future supply and will update the market with any material developments in due course.

For more information:

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This document has been authorised for release by Richa Puri, Company Secretary.