



ERA

ERA 2017 Notice of Annual General Meeting

Energy Resources of Australia Ltd
ABN 71 008 550 865

Dear Shareholder,

You are invited to attend this year's Annual General Meeting to be held in the Grand Ballroom at the SkyCity Hotel Casino, Gilruth Avenue, Darwin, Northern Territory on Wednesday, 12 April 2017, commencing at 9.30am (ACST). Refreshments will be served after the meeting. The items of business for the meeting are set out on the accompanying Notice of Meeting. The Management of ERA would like to offer the opportunity for shareholders to tour the Ranger mine on Thursday, 13 April 2017. Bus transport will be provided between Darwin and Ranger. Full details are available on the separate attendance form. Your continuing interest in ERA is appreciated.

Yours sincerely

Andrea Sutton
Chief Executive and Managing Director

6 March 2017

Notice is hereby given that the Annual General Meeting of Energy Resources of Australia Ltd (**ERA or the Company**) will be held at the Grand Ballroom at the SkyCity Hotel Casino, Gilruth Avenue, Darwin, Northern Territory, on Wednesday, 12 April 2017, commencing at 9.30am (ACST).

Items of business

- 1. Chairman and Chief Executive review**
- 2. Discussion of financial statements and reports** To receive and consider the Financial Report, Directors' Report, Directors' Declaration and Auditor's Report for the year ended 31 December 2016 as set out in the Annual Report.
- 3. Adoption of the Remuneration Report** To adopt the Remuneration Report for the year ended 31 December 2016 as set out in the Annual Report.
- 4. Approval of potential termination benefits** To approve for all purposes (including for the purposes of sections 200B and 200E of the *Corporations Act 2001* (Cth)) the giving of benefits to persons (**Relevant Executives**) who, from time to time, are key management personnel (**KMP**) of the Company or who, from time to time, hold a managerial or executive office in the Company or a related body corporate, in connection with the person ceasing to hold an office, or position of employment, in the Company or a related body corporate.
- 5. Election of Directors** To elect the following Directors, each of which will be proposed as a separate resolution:
 - Ms Zara Fisher who, having been appointed by the Board since the last Annual General Meeting, retires in accordance with Rule 3.4 of the Company's Constitution and, being eligible, offers herself for election.
 - Mr Peter Mansell who, having been elected by shareholders at the last Annual General Meeting, retires and being eligible, offers himself for re-election.

Voting & Proxies

Members who are recorded on the Company's register of members at 7.00pm (AEST) on Monday, 10 April 2017 are entitled to vote at the Annual General Meeting. A member may appoint a proxy to attend and vote for the member. A proxy need not be a member of the Company. The appointment may specify the proportion or number of votes the proxy may exercise. If the member is entitled to cast two or more votes, the member may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of those votes.

Proxy forms should be completed, signed and returned to the following address:

**Computershare Investor Services
Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia**

Proxy forms may also be sent by fax to facsimile number:

**(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555**

Alternatively a member may submit a proxy vote electronically and details of the online proxy voting facility can be found on the proxy form. For Intermediary Online subscribers (Custodians) only, proxy forms may be submitted via www.intermediaryonline.com.au.

Members may also appoint an attorney to act on their behalf at the Annual General Meeting. If the appointor is an individual, the power of attorney must be signed in the presence of at least one witness. For an appointment of a proxy or attorney to be effective for the meeting, the completed proxy form (and any proxy appointment authority or a certified copy) or the powers of attorney (or a certified copy) must be received no later than 48 hours before the scheduled commencement of the meeting, being 9.30am (ACST) on Monday, 10 April 2017. A member that is a body corporate may appoint an individual to act as its representative at the Annual General Meeting as permitted by the *Corporations Act 2001* (Cth) (**Corporations Act**). The appropriate "Certification of Appointment of Corporate Representative" (the form of which may be obtained from the Company's share registry or at www.computershare.com) should be produced, including any authority under which it is signed, prior to admission to the meeting, unless it has previously been given to the Company.

Voting exclusion statements

ITEM 3

The Company will disregard any votes cast on Item 3:

- by or on behalf of a person who is a member of KMP named in the Remuneration Report for the year ended 31 December 2016 or their closely related parties (in any capacity); or
- as proxy by a person who is a member of KMP on the date of the meeting and their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Item 3 is connected with the remuneration of the KMP.

ITEM 4

Any Relevant Executive (past, current or potential), or any associate, who wishes to preserve the benefit of Item 4 for the Relevant Executive must not vote on the resolution. However, they may cast a vote if the vote is cast as a proxy validly appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a Relevant Executive or an associate.

Further, a vote on Item 4 should not be cast (in any capacity) by or on behalf of a member of KMP or their closely related party, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form. The voting exclusions on KMP in Item 4 do not apply to the Chairman of the meeting acting as proxy if the proxy appointment expressly authorises the Chairman to exercise the proxy even if Item 4 is connected directly or indirectly with the remuneration of a member of KMP.

Important note:

If any member is:

- an employee, Director, potential employee or potential Director of the Company or a related body corporate and wishes to preserve the benefit of the resolution for themselves; or
- an associate of an employee or Director of the Company or a related body corporate and wishes to preserve the benefit of the resolution for that person,

then they should **not** vote on the resolution or the benefit of it will be lost for the relevant person as an effect of the Corporations Act.

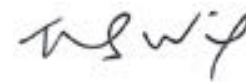
The Chairman of the meeting is deemed to be appointed proxy where a signed proxy form is returned which does not contain a named proxy representative or where a named proxy does not attend and vote at the Meeting. The Chairman of the meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised or where the Chairman is deemed to be appointed proxy) in favour of Items 3 and 4.

If you do not wish to appoint the Chairman of the meeting to vote on Items 3 and 4 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Items 3 and 4 in the proxy form.

Explanatory notes

Further details in respect of the resolutions to be put to the meeting are set out in the accompanying explanatory notes. The explanatory notes (including Appendix 1) form part of this Notice of Meeting and should be read in conjunction with the resolutions contained in this Notice of Meeting.

By Order of the Board



T Wilcox
Company Secretary
6 March 2017

Explanatory notes

ITEM 2 – DISCUSSION OF FINANCIAL STATEMENTS AND REPORTS

The financial statements for the year ended 31 December 2016 are set out in the Company's 2016 Annual Report. A copy of the 2016 Annual Report, including the Financial Report and the Reports of the Directors and the Auditor for the year ended 31 December 2016, is available at www.energyres.com.au.

ITEM 3 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is set out in the Directors' Report contained in the Annual Report.

There will be an opportunity for shareholders at the meeting to comment on and ask questions about the Company's Remuneration Report for 2016. The vote on the Remuneration Report is advisory only and will not bind the Directors or the Company.

A voting exclusion applies to Item 3 as set out in the Notice of Meeting under the heading 'Voting exclusion statements'.

The Directors recommend that shareholders vote in favour of Item 3.

ITEM 4 – APPROVAL OF POTENTIAL TERMINATION BENEFITS

The law in Australia restricts the benefits which can be given to people who hold certain offices in ERA or its related bodies corporate (together the **Group**) in connection with cessation of office or employment, unless shareholder approval is obtained. The law is complex and affects ERA's and the Group's ability to treat employees across the Group consistently and/or abide by the terms of contractual commitments. As described in Appendix 1, approval is sought to give certain benefits to past, current and future directors, senior executives and other personnel in ERA and the Group in a manner that is consistent with our remuneration policies and practices.

A voting exclusion applies to Item 4 as set out in the Notice of Meeting under the heading 'Voting exclusion statements'.

The Directors recommend that shareholders vote in favour of Item 4.

ITEM 5 – ELECTION OF DIRECTORS

(i) Ms Zara Fisher (BCom, MASc, MAICD)

Ms Fisher was appointed as a Director in August 2016.

The Constitution of the Company (Rule 3.4) requires that any Director appointed since the last Annual General Meeting automatically retires at the next Annual General Meeting and is eligible for election. Accordingly, Ms Fisher resigns and seeks election at the Annual General Meeting.

The Board does not consider Ms Fisher to be an independent Director, given her position as an executive of the Company's major shareholder, Rio Tinto.

Ms Fisher has worked in the mining industry for over 20 years and is currently Vice President HSE for Rio Tinto Iron Ore. In this role she is accountable for the health, safety and environmental performance of Rio Tinto's Iron Ore operations and is a member of the Iron Ore Executive Committee. Previously Ms Fisher has worked with Rio Tinto in a range of roles in Australia and internationally in the Iron Ore, Aluminium, Copper, Energy and Minerals groups. Ms Fisher has extensive experience in operations, maintenance, strategy, corporate services and finance.

Ms Fisher holds a Bachelor of Commerce and a Masters of Applied Science (Environmental Management and Restoration) and is a member of the Australian Institute of Company Directors. Prior to joining Rio Tinto Ms Fisher worked in chartered accounting.

The Directors (other than Ms Fisher, who makes no recommendation) recommend that shareholders vote in favour of the election of Ms Fisher as a Director of the Company.

(ii) Mr Peter Mansell (BCom, LLB, H. Dip. Tax, FAICD)

Mr Mansell was appointed as a Director of the Company and Chairman of the Board in October 2015. He also serves as Chair of the Remuneration Committee and is a member of the Audit and Risk Committee.

The Board considers Mr Mansell to be an independent Director.

Mr Mansell has extensive experience in the mining, corporate and energy sectors, both as an advisor and as an independent non-executive Chairman and Director of listed and unlisted companies.

He is currently a Director of Tap Oil Ltd, Aurecon Group Pty Ltd and Foodbank of Australia Ltd. Mr Mansell practised law for a number of years as a partner in corporate and resources law firms in each of South Africa and Australia. Mr Mansell retired from legal practice in 2004 and has since held directorships in a number of companies including BWP Management Ltd, Foodland Associated Ltd, OZ Minerals Ltd, W.A. Newspaper Holdings Ltd (Chairman), Electricity Networks Corporation (trading as Western Power) (Chairman) and Zinifex Ltd (Chairman). Mr Mansell also chaired the Advisory Board of Pacific Aluminium Ltd in anticipation of its intended float in 2014.

The Directors (other than Mr Mansell, who makes no recommendation) recommend that shareholders vote in favour of the re-election of Mr Mansell as a Director of the Company.

Appendix 1: Further explanation on Item 4

WHY SHAREHOLDER APPROVAL IS BEING SOUGHT

Sections 200B and 200E of the *Corporations Act 2001* (Cth) (**Corporations Act**) restrict the benefits (**termination benefits**) which can be given to certain individuals in connection with the individual ceasing employment or ceasing to hold an office with ERA or the Group.

The Corporations Act applies to individuals (**Relevant Executives**) who hold a managerial or executive office, as defined in the Corporations Act, in ERA or a related body corporate or individuals who have held such an office during the last three years before they ceased to hold such an office or position of employment. This includes members of ERA's KMP (including all ERA Directors) and directors of other Group companies.

Under the Corporations Act, a Relevant Executive may only be given a termination benefit if it is approved by the relevant shareholders or an exemption applies. The exemptions include an exemption for benefits such as statutory entitlements to accrued annual and long-service leave, amounts required to be paid by law or by court order, certain types of 'deferred bonuses' and, subject to certain conditions, payments made in accordance with a company's redundancy policy. Beyond that, in general terms, certain benefits are permitted if they are within a monetary cap. This termination cap is broadly equivalent to the average 12-months' base salary of the person concerned over the three years preceding cessation of office. If termination benefits are provided beyond those permitted by the Corporations Act, a breach of the Corporations Act can occur even if the Relevant Executive has a pre-existing contractual entitlement to the benefit.

Having regard to the potentially wide application of the Corporations Act and the uncertainties it can cause, the Directors are of the view that it is appropriate and prudent to seek shareholder approval, as contemplated by the Corporations Act, so that termination benefits are able to be provided to Relevant Executives without any risk of a breach of the Corporations Act.

GLOBAL GROUP

As the Company is a member of the Rio Tinto Group, it generally implements the remuneration policies and procedures determined by the Rio Tinto Remuneration Committee and applied to senior management personnel across the wider Rio Tinto Group.

The Company's Chief Executive and senior executives are seconded from Rio Tinto and are hence drawn from the talented pool of executives in the wider Rio Tinto Group. It is the view of the Remuneration Committee (which has been endorsed by the Board) that a company of ERA's size, scope and remote location would have significant difficulty in attracting executives of the calibre necessary to ensure superior performance or in retaining them for significant periods if this arrangement was not in place. Under these circumstances, the Board believes that the general application of the Rio Tinto remuneration framework to the Company's Chief Executive and senior executives, with appropriate review by the Company's Remuneration Committee, is of benefit to ERA.

As a result, the Company is seeking termination benefits approval on the same terms as the termination benefits approval being sought by Rio Tinto Limited at its 2017 annual general meeting, as well as approval for termination benefits that may be made available under the ERA Long Term Incentive Plan.

THESE ARE NOT NEW BENEFITS

The Directors are of the view that the Company's remuneration arrangements and strategy, including the termination benefits that are payable, are fair and reasonable for the Company and employees.

Shareholders are not being asked to approve any increase in the remuneration or benefits for any Relevant Executive, any changes to their underlying employment arrangements or their entitlements under any existing plans.

No changes to current share plan rules nor any variations to the existing board or remuneration committee discretions are proposed.

Rather, shareholders are being asked to approve the Company's existing policy and practices, so as to enable the remuneration programmes to continue to operate and to support the Company's strategy.

APPROVAL IS BEING SOUGHT FOR TERMINATION BENEFITS

Shareholder approval is being sought for the purposes of sections 200B and 200E of the Corporations Act for any termination benefits that may be provided to Relevant Executives under the ERA Long Term Incentive Plan or under the Group's broader remuneration framework, as described in this Appendix.

Under the Corporations Act, when seeking shareholder approval for a termination benefit, shareholders must be provided with details of the amount or value of the payment or benefit; or if that amount or value cannot be ascertained at the time of disclosure, the manner in which that amount or value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that amount or value.

Appendix 1: Further explanation on Item 4 continued

The amount or value of a benefit that a particular Relevant Executive may be entitled to will depend on a number of factors, including the manner in which the individual ceases in their role, the length of time they have been employed, changes in market practice, fluctuations in share price and, in some cases, the exercise of board or remuneration committee discretions. Accordingly, it is not possible to state with certainty the amount or value of a payment or benefit that may become payable.

In summary, the Company is seeking approval to give certain benefits to Relevant Executives on cessation of office or employment. Such benefits include:

- (a) allowing any award to Relevant Executives under the **ERA Long Term Incentive Plan** to vest in part or in full either at the scheduled vesting date or on termination; and
- (b) allowing the provision of benefits up to the maximum amount or value under the Group's broader remuneration arrangements described in the Rio Tinto Limited 2017 Notice of Meeting, which include:
 - paying benefits owed to Relevant Executives under their **employment agreements** such as accrued, but untaken, annual leave and long-service leave and payment in lieu of notice;
 - awarding a pro-rata portion of any award made under the **Short Term Incentive Plan** based on the portion of the year served and based on actual assessment of performance against targets;
 - allowing **Bonus Deferral Plan** awards to be retained, and vest either at the scheduled vesting date or on termination;
 - allowing awards provided under the **Performance Share Plan** to be retained and vest at the scheduled vesting date;

- allowing awards granted under the **Share Option Plan** to be retained;
- allowing awards granted under the **Management Share Plan** to be retained by the Relevant Executive, and vest either at the scheduled vesting date or on termination;
- transferring purchased shares under the **myShare Plan** to the Relevant Executive as soon as practicable and, in the case of a Relevant Executive who is an eligible leaver, vesting in full and transferring any conditional awards to the Relevant Executive following termination;
- allowing the Relevant Executive to retain awards made under the **Share Savings Plan** and allowing for the exercise of options, up to the level of savings made, within six months of termination;
- making employer contributions to **pension plans or superannuation schemes**, or cash allowances to contribute to personal pensions or superannuation schemes and facilitating employee contributions either directly or through salary sacrifice arrangements;
- providing certain **other benefits** such as the giving of modest retirement gifts, medical and life insurance, financial advice, tax advice and preparation of tax returns for a tax year; and
- providing payments owed to Relevant Executives under any **redundancy policy**.

Further details of benefits under the ERA Long Term Incentive Plan are set out in the 2016 ERA Annual Report (pages 45 to 46). Further details of benefits under the Group's broader remuneration arrangements are set out in the Rio Tinto Limited 2017 Notice of Meeting which can be found on the Rio Tinto Limited website at www.riotinto.com or on the ASX.

APPROVAL IS SOUGHT FOR A THREE-YEAR PERIOD

If approval is obtained, it will be effective for a period of three years from the date the resolution is passed. That is, shareholder approval will be effective for all termination benefits paid or granted to a Relevant Executive who ceases to hold office or a position of employment during the period beginning at the conclusion of the ERA Annual General Meeting in 2017 and expiring at the conclusion of the ERA Annual General Meeting in 2020. If considered appropriate, the Directors would consider seeking a new approval from shareholders at the ERA Annual General Meeting in 2020.

It can be reasonably anticipated that aspects of the relevant employment agreements, practices, relevant share plans and retirement plans will be amended from time to time in line with market practice and changing governance standards and, where relevant, these changes will be reported in ERA's Remuneration Report, which forms part of the Annual Report. However, it is intended that this approval will remain valid for as long as these agreements, practices and plans continue to operate.



ERA