



ERA Energy Resources of Australia Ltd

2017 Half Year Results Additional Information for the Financial Community

1 August 2017





Forward-looking statements

This presentation has been prepared by Energy Resources of Australia Ltd ("ERA") and consists of the slides for a presentation concerning ERA. By reviewing/attending this presentation you agree to be bound by the following conditions.

Forward-looking statements

This presentation includes forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding ERA's financial position, business strategy, plans and objectives of management for future operations (including development plans, rehabilitation estimates and objectives relating to ERA's products, production forecasts and reserve and resource positions), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of ERA, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding ERA's present and future business strategies and the environment in which ERA will operate in the future. Among the important factors that could cause ERA's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, adverse weather conditions, levels of actual production during any period, levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on sales revenues, market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation and such other risk factors identified in ERA's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this presentation.

Nothing in this presentation should be interpreted to mean that future earnings per share of ERA will necessarily match or exceed its historical published earnings per share.

All currency mentioned in this presentation is in Australian dollars unless otherwise stated.

Competent Person

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2016 Annual Statement of Reserves and Resources which was released to the market on 31 January 2017 and is available to view at <http://www.asx.com.au/asxpdf/20170131/pdf/43fncy6lg71253.pdf>. ERA confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. ERA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



Acknowledgement of Traditional Owners

The operations of Energy Resources of Australia Ltd (ERA) are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park

ERA respectfully acknowledges the Mirarr, Traditional Owners of the land on which the Ranger mine is situated



Agenda

- Strategic priorities
- Health and safety
- Market outlook
- H1 2017 operational performance
- H1 2017 financial performance
- Progressive rehabilitation
- Stakeholder engagement
- Summary



Focus remains on three near term priorities

Focus remains on the priorities identified in the strategic review performed in 2016

Near term strategic priority

Continue the progressive rehabilitation of the Ranger Project Area

Maximise the generation of cash flow from the processing of stockpiled ore

Preserve the option for the future development of Ranger 3 Deeps

First half 2017 outcomes

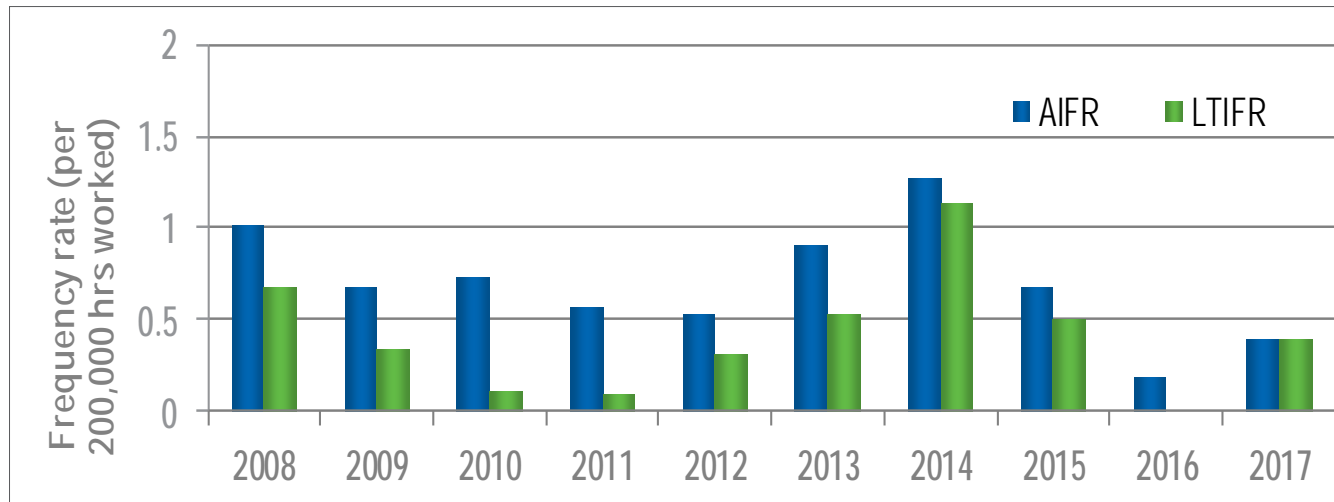
- Commencement of bulk backfill of Pit 1 following receipt of regulatory approval in April 2017
- Continued dredging of the Tailing Storage Facility
- Planning for Feasibility Study which will commence in the second half of 2017
- Rehabilitation provision of \$511 million
- Produced 1,046 tonnes of uranium oxide
- Net cash flow of \$17 million
- Total cash resources of \$485 million¹

- Continued care and maintenance of Ranger 3 Deeps infrastructure



Health and safety

Demonstrated commitment to the health and safety of our teams, community and environment in which we operate



- All Injury Frequency Rate was 0.39 at 30 June 2017
- One lost time injury occurred in the first half of 2017 with the employee expected to make a full recovery and return to work shortly
- Health and safety initiatives in the first half have focused on:
 - Continued embedding Critical Risk Management programme
 - Implementation of a recognition programme to reward staff who stop a job that feels unsafe

Uranium market outlook

Current market weakness is expected to give way to a long-term recovery driven by Asian demand



Map showing location of major nuclear power plants in China (shows 15 reactors planned or under construction)

Near term outlook is weak but stable

- Market currently oversupplied and global inventories remain high
- Spot uranium prices stable at around US\$22 per pound

Longer term recovery in sight

- 9 GWe of new nuclear capacity came online in 2016
- Future demand growth to be principally driven by new nuclear capacity in Asia
- Low price environment may constrain investment in new supply supporting rebalancing over time

ERA continues to realise a price premium

- Marketing model continues to deliver a price premium



Operational performance

Production guidance for 2017 of between 2,000 tonnes to 2,400 tonnes

Mill Operation	H1 2017
Ore milled ('000 tonnes)	1,250
Recovery (%)	85.3
Mill head grade (% U_3O_8)	0.10
Tonnes produced (U_3O_8)	1,046
Pounds ('000 lbs) produced (U_3O_8)	2,306

- Production continued from existing stockpiles of low grade ore
- Production supported by consistent grade and uranium oxide recoveries. Ore milled impacted by scheduled preventative maintenance
- Strong plant utilisation as a result of well embedded maintenance strategies
- Production guidance for 2017 unchanged at between 2,000 tonnes to 2,400 tonnes



Final product ready for transport



Half year financial performance

Ranger continues to generate positive cash flow despite industry headwinds

	H1 2017	H1 2016
Cash flow – (\$A million)		
• Opening cash balance	396	365
• Cash flow generated ³	29	30
• Exploration and evaluation expenditure	-	-
• Capital expenditure (net of disposals)	(2)	(2)
• Rehabilitation expenditure	(10)	(10)
• Closing cash balance	413	383
Sales		
• Revenue from sales (\$A million)	150	154
• Sales volume (tonnes)	1,464	1,148
• Average realised price (US\$/lb)	35.09	44.68
• Realised exchange rate (USD/AUD)	0.75	0.73

• Cash resources increased in the first half

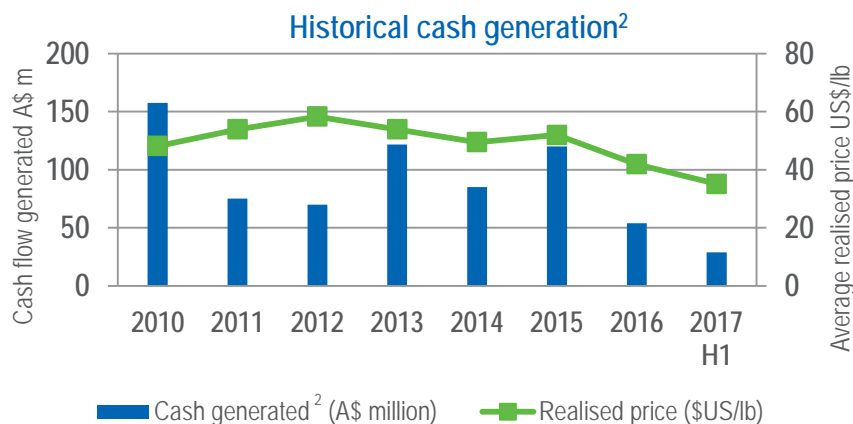
- ERA generated cash flow from the production and sale of uranium oxide of \$29 million²
- Includes settlement proceeds of \$15 million from an insurance claim related to the failure of leach tank 1 in 2013
- Overall positive cash flow of \$17 million in first half of 2017
- Total cash resources of \$485 million at 30 June 2017 (including \$72 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund)

• Uranium price premium sustained

- Achieved average realised price of US\$35.09 per pound representing a US\$13 per pound premium to the spot price
- Achievement of price premium consistent with long-term marketing strategy and continues to underpin cash performance

• Continued focus on cash conservation

- Productivity and cash generation focus continues to underpin financial performance
- Objective is to maximise the generation of cash flow from the processing of remaining stockpiled ore



²Cash flow generated is a non-IFRS measure and represents receipts from customers (incl. GST), net interest and foreign exchange, less payments to suppliers (incl. GST). It excludes payments for exploration and evaluation and rehabilitation which are included in the total of cash flows from operating activities. Refer consolidated cash flow statement (Appendix 4D for respective periods).



First half earnings performance

Earnings favourably impacted by higher sales volume and continued cost reductions

	H1 2017	H1 2016
Earnings (\$A million)		
• Net profit/(loss) before tax and impairment	(10)	(35)
• Net profit/(loss) before tax	(10)	(197)
• Net profit/(loss) after tax	(10)	(197)
Earnings before interest, tax, depreciation, amortisation and impairment	(14)	(11)

• Improved earnings performance in the half

- Net loss before tax and impairment of \$(10) million in the first half of 2017
- Lower average realised price compensated for by higher sales volume
- Favourable cost performance due to ongoing business transformation and operational efficiencies
- Other revenue includes impact of insurance claim settlement achieved in the first half of 2017
- Depreciation variance due to the impairment of the Ranger Cash Generating Unit in 2016

Pre-tax and impairment earnings variances – H1 2017 versus H1 2016 (A\$ million)



Delivering progressive rehabilitation commitments

- **\$435 million spent on rehabilitation and water management projects since 2012**
 - Rehabilitation spend of \$10 million in the first half of 2017
 - Rehabilitation provision at 30 June 2017 is \$511 million
- **Dredging of the Tailings Storage Facility at Ranger**
 - Dredging operations continued with 20 per cent of tailings in the Tailings Storage Facility moved to Pit 3
- **Jabiluka site rehabilitation**
 - Monitoring and maintenance ongoing
- **Feasibility Study planned to commence in the second half of 2017**
 - ERA intends to commence a Feasibility Study for the Ranger rehabilitation programme in the second half of 2017
 - Study will increase the level of certainty over the continued execution of the rehabilitation programme between 2018 and 2026

- **Capping of Pit 1**

- Commenced bulk backfilling of Pit 1 in April following approval from Northern Territory and Commonwealth Government



Pit 1 progressive rehabilitation



Regular engagement with key stakeholders

ERA's operations are located on Aboriginal land, are surrounded by Kakadu National Park and significantly underpin the Alligator River's regional economy. Regular engagement with key stakeholders is an important, ongoing part of our business.

- ERA conducted a Jabiru Social Impact Assessment (SIA) from November 2016 to April 2017
- The purpose of the SIA was to gather information from local residents and business owners to help ERA develop a transition and rehabilitation strategy to meet its current rehabilitation requirements
- Regular meetings were held with regulators, Traditional Owner representatives and other key stakeholders regarding Ranger rehabilitation, environmental management and safety. First and second quarter Relationship Committee meetings were held with the Mirarr Traditional Owners
- Engagement with the Supervising Scientist and other government agencies to ensure the area surrounding the mine is not impacted by ERA's operations
- Community meetings provide information to business leaders about a range of operational and community matters
- ERA provides direct funding and in-kind support to a range of community initiatives in the West Arnhem region
- Two Information Days were held giving residents and tourists the opportunity to learn more about ERA and tour the mine



Tourists and residents take part in open day activities including a Ranger Mine site tour



Summary

- Continued focus on all aspects of health, safety and environment
- ERA continuing to realise a uranium price premium
- Production of 1,046 tonnes of uranium oxide
- Net cash flow for the first half of \$17 million
- Total cash resources at 30 June 2017 of \$485 million
- Improved earnings performance
- Company-wide focus cash generation continues
- Progressive rehabilitation programme on track
- Continued engagement with key stakeholders



Regular water monitoring activities