



ASX Announcement

30 January 2018

ERA ANNOUNCES FULL YEAR RESULTS FOR 2017

- Strong operational performance, producing 2,294 tonnes of uranium oxide.
- Total cash resources increased by \$2 million to \$468 million at 31 December 2017. This comprised \$395 million cash at bank and \$73 million held in the Ranger Rehabilitation Trust Fund.
- Net loss after tax of \$44 million.

Review of operations

Energy Resources of Australia (**ERA** or the **Company**) generated positive cash flow from operating activities of \$8 million in 2017 compared to \$34 million in 2016.

ERA held total cash resources of \$468 million at 31 December 2017, representing an increase of \$2 million over the period. Total cash resources at 31 December 2017 comprised \$395 million in cash at bank and \$73 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt.

ERA recorded a net loss after tax of \$44 million compared to a net loss after tax of \$271 million in 2016. This loss was in part due to a non-cash charge of \$21 million for increases to the rehabilitation provision. The prior period net loss after tax was largely a result of a \$231 million non-cash impairment write down of ERA's property, plant and equipment during 2016. No impairment charges have been recorded during 2017.

Uranium oxide produced for the year ended 31 December 2017 was 2,294 tonnes, 2 per cent lower than 2016 production of 2,351 tonnes. Production was unfavourably impacted by lower volumes of ore milled.

Revenue from the sale of uranium oxide was \$211 million (2016: \$268 million). Despite achieving an average realised price well in excess of the average spot price in 2017, the average realised price was lower than 2016. This together with reduced volumes and exchange rate movements adversely impacted overall revenue.

Sales volume for 2017 was 2,089 tonnes compared with 2,139 tonnes for 2016. The average realised sales price that ERA received for uranium oxide in 2017 was US\$34.75 per pound compared to US\$41.87 per pound in 2016. This compares favourably against the average spot price for 2017 of US\$21.78 per pound.

With uranium oxide sales denominated in US dollars, the strengthening of the Australian dollar had a negative impact on ERA's financial results. The average USD/AUD exchange rate during the year was 0.76 US cents, compared with 0.74 US cents for 2016.



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In April 2017, ERA received a net payment of \$15 million from insurers associated with the settlement of a business interruption claim arising from the 2013 failure of leach tank 1. This receipt is included in cash flow from operating activities.

Cash costs for 2017 were lower than the corresponding period in 2016. This was driven by ERA continuing to focus on cash preservation and improved efficiencies.

ERA's cash generation programme continued to identify further opportunities for savings and efficiency improvements across the business in 2017. Work on pursuing additional opportunities will continue in 2018. Favourable input costs were achieved through the ongoing negotiation of procurement contracts and productivity improvements.

No depreciation has been recorded in 2017 due to ERA fully impairing the Ranger Cash Generating Unit in 2016.

Capital expenditure for the year was \$7 million compared to \$3 million in 2016. All expenditure in 2017 related to sustaining capital expenditure activities. In 2017, capital expenditure was immediately written off to the Statement of Comprehensive Income and recorded in other expenses. This is a result of the Ranger Cash Generating Unit being fully impaired in 2016.

Outlook

Spot uranium prices reacted favourably to supplier announcements in the fourth quarter of 2017 with prices stabilising around US\$24 per pound in January 2018.

While supply is expected to continue to exceed demand in the near term, China led demand-growth should support a rebalancing of the market over time as China and other Asian countries continue to progress their nuclear power programmes in accordance with long term energy policy objectives.

At this time, ERA expects uranium production for 2018 to be within the range of 1,600 tonnes to 2,000 tonnes. Production will be drawn from existing stockpiles. ERA's forecast sales are substantially contracted, with the average realised selling price for 2018 currently expected to be in the US\$42 to US\$48 per pound range.

Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued with expenditure of \$27 million incurred during 2017. Expenditure was primarily associated with the dredge operating to transfer tailings from the Tailings Storage Facility to Pit 3, the backfill of waste material into Pit 1 and the commencement of a rehabilitation feasibility study.

A routine review conducted in late 2017 resulted in the estimate of the rehabilitation provision increasing by \$21 million. The review included an updated evaluation of key assumptions and incorporates learnings from work conducted to date. The overall rehabilitation strategy remains unchanged.

ERA commenced a feasibility study of rehabilitation in the final quarter of 2017. The study, which is expected to be completed by the third quarter of 2018, aims to further refine scheduled rehabilitation activities and execution of plans.

The rehabilitation provision at 31 December 2017 was \$526 million.



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Dividends

ERA has decided not to declare a final dividend for the 2017 financial year. No final dividend was paid in respect to the 2016 financial year.

Exploration

There was no exploration expenditure for the year ended 2017.

The Ranger 3 Deeps exploration decline remains under care and maintenance.

Competent Person

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by geologist Stephen Pevely (a full time employee of ERA). Stephen Pevely is a Member of the Australasian Institute of Mining & Metallurgy and has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Stephen Pevely consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.



ERA

About Energy Resources of Australia Ltd

ERA is one of the nation's largest uranium producers and Australia's longest continually operating uranium mine.

ERA has an excellent track record of reliably supplying customers. Uranium oxide has been produced at Ranger for more than 35 years. During that time, Ranger has produced in excess of 126,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory.

ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

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