



ERA Energy Resources of Australia Ltd

2018 Half Year Results

Additional Information for the Financial Community

1 August 2018





Forward-looking statements

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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 subjectives 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 2017 Annual Statement of Reserves and Resources which was released to the market on 30 January 2018 and is available to view at <https://www.asx.com.au/asxpdf/20180130/pdf/43r4pyz70bx53d.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 2018 operational performance
- H1 2018 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 2018 outcomes

- Bulk backfill of Pit 1 continued
- Continued dredging of the Tailings Storage Facility
- Feasibility Study commenced in the second half of 2017. Due for completion by fourth quarter 2018.
- Rehabilitation provision of \$512 million

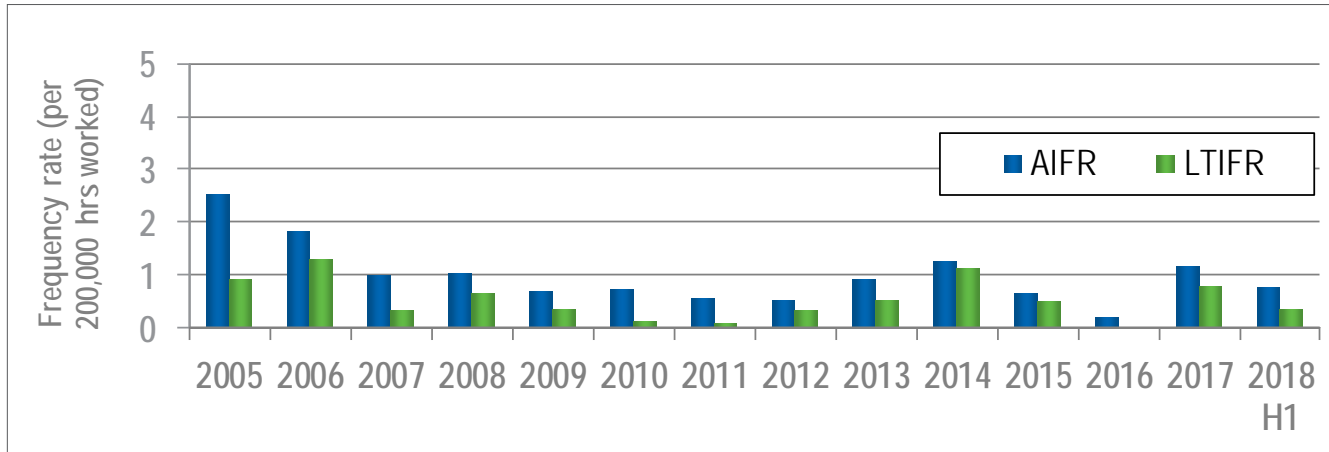
- Produced 842 tonnes of uranium oxide
- Net cash flow from uranium oxide sales before rehabilitation and financing of \$9 million
- Total cash resources of \$459 million

- 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 0.75 at 30 June 2018
- One lost time injury in the first half of 2018 with the employee making a full recovery and returning to work
- Health and safety initiatives in the first half have focused on:
 - Embedding our Critical Risk Management program
 - Mental Health programmes for leaders
 - Leadership in the Field
 - Management Essentials for Leaders
 - Eliminating Live Work
 - Injury management and incident investigation

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 and volatile

- Market currently oversupplied and global inventories remain high
- Increased volatility due to concerns over geopolitical risks, for example the uranium industry review under section 232 in the United States
- A number of mines being placed on indefinite suspension

Longer term recovery in sight

- 9 GWe of new nuclear capacity came online in 2016, largest annual increase for 25 years
- 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
- 9 of Japan's 39 operable reactors have restarted – a further 16 reactors have applied

ERA continues to realise a price premium

- Marketing approach continues to deliver a price premium



Operational performance

Production guidance for 2018 of between 1,600 tonnes to 2,000 tonnes

Mill Operation	H1 2018
Ore milled ('000 tonnes)	1,133
Recovery (%)	85.3
Mill head grade (% U_3O_8)	0.09
Tonnes produced (U_3O_8)	842
Pounds ('000 lbs) produced (U_3O_8)	1,856

- Production continued from existing stockpiles of low grade ore
- Production impacted by lower mill head grade and completion of laterite ore processing.
- Strong plant utilisation as a result of well embedded maintenance strategies
- Production guidance for 2018 remains unchanged at between 1,600 tonnes to 2,000 tonnes



Final product ready for transport

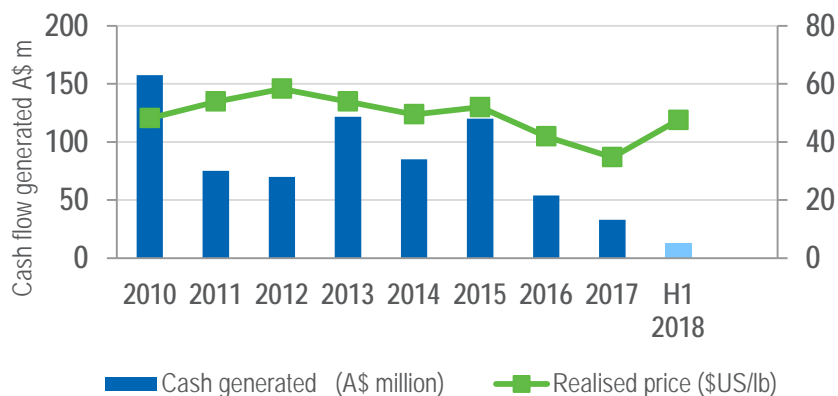


Half year financial performance

Ranger continues to generate positive cash flow despite industry headwinds

	H1 2018	H1 2017
Cash flow – (\$A million)		
• Opening cash balance	395	396
• Cash flow generated ²	13	29
• Exploration and evaluation expenditure	-	-
• Capital expenditure (net of disposals)	(2)	(2)
• Rehabilitation expenditure	(21)	(10)
• Closing cash balance	385	413
Sales		
• Revenue from sales (\$A million)	160	150
• Sales volume (tonnes)	1,186	1,464
• Average realised price (US\$/lb)	47.56	35.09
• Realised exchange rate (USD/AUD)	0.78	0.75

Historical cash generated² (including interest and financing costs)²



Cash resources increased in the first half

- ERA cash flow generated was \$13 million²
- Overall cash outflow from operating activities was \$9 million in first half of 2018
- Total cash resources of \$459 million at 30 June 2018 (including \$74 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund)

Uranium price premium sustained

- Achieved average realised price of US\$47.56 per pound representing a US\$26 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

² Cash 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).

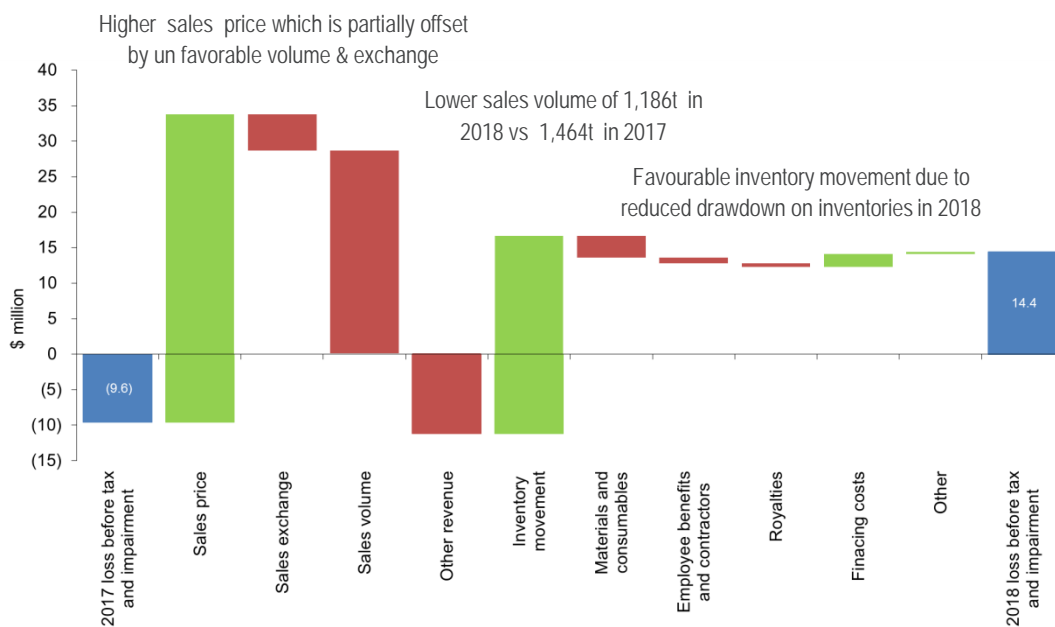


First half earnings performance

Earnings favourably impacted by higher sales volume and continued cost reductions

	H1 2018	H1 2017
Earnings (\$A million)		
• Net profit/(loss) before tax and impairment	14	(10)
• Net profit/(loss) before tax	(99)	(10)
• Net profit/(loss) after tax	(78)	(10)
Earnings before interest, tax, depreciation, amortisation and impairment	9	(14)

Earnings variance analysis (before tax & impairment) – H1 2018 versus H1 2017 (A\$ million)



Improved earnings performance in the half

- Net profit before tax and impairment of \$14 million in the first half of 2018
- Higher sales price largely offset by lower volume
- Increasing focus of business transformation and operational efficiencies
- Inventory will increase through the second half of the year for sale into the higher priced term contracts in future periods
- \$90 million after tax impairment recorded on the Jabiluka Undeveloped Property
 - A material decline in consensus uranium price
 - Increase in asset specific discount rate
- ERA's view remains that Jabiluka is a large, high quality uranium ore body of global significance



Delivering progressive rehabilitation commitments

- **\$473 million spent on rehabilitation and water management projects since 2012**
 - Rehabilitation spend of \$21 million in the first half of 2018
 - Rehabilitation provision at 30 June 2018 is \$512 million
- **Dredging of the Tailings Storage Facility at Ranger**
 - Dredging operations continued with 35 per cent of tailings in the Tailings Storage Facility moved to Pit 3
- **Feasibility Study continuing**
 - Study will increase the level of certainty over the continued execution of the rehabilitation program between 2019 and 2026
 - Study due for completion by fourth quarter 2018
- **Capping of Pit 1**
 - Continued bulk backfilling of waste material into Pit 1
- **Jabiluka site rehabilitation**
 - Monitoring and maintenance ongoing



Pit 3 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 contributing to dialogue on future options for Jabiru**
 - ERA engaged extensively with Traditional Owner representatives and Government Agencies through the year on future options for the town once the town lease expires in 2021

- **Positive engagement with stakeholders throughout 2018**
 - ERA publically released the Ranger Closure Plan in June
 - Regular meetings were held with Traditional Owners on matters of common interest including Ranger rehabilitation, environmental management and safety
 - Engagement with the Supervising Scientist and other government agencies
 - Regular community meetings occurred about a range of operational and community matters
 - ERA continued to provide direct funding and in-kind support to a range of community initiatives in the West Arnhem region



The Alligator Rivers Region Technical Committee and Supervising Scientist Branch staff toured Ranger in May to inspect trial landform and natural vegetation sites.

Summary

- Continued focus on all aspects of health, safety and environment
- ERA continuing to realise a uranium price premium
- Production of 842 tonnes of uranium oxide
- Net cash flow from uranium oxide sales before rehabilitation and financing of \$9 million
- Total cash resources at 30 June 2018 of \$459 million
- Improved earnings performance before impairment
- Company-wide focus cash generation continues
- Progressive rehabilitation programme on track
- Continued engagement with key stakeholders



Transfer of ore for processing