



## ASX Announcement

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### Update on Annual Plan of Rehabilitation

30 January 2020

Energy Resources of Australia Ltd (**ERA**) has been notified by the Commonwealth Government that an independent assessor has reviewed ERA's Annual Plan of Rehabilitation (**APR**) for the Ranger Project Area.

The independent assessor has estimated the net present cost of implementing the APR as \$670.5 million.<sup>1</sup> As noted in ERA's Capital Raising presentation dated 15 November 2019, this is expected to result in a material increase in the amount ERA is required to provide to the Ranger Rehabilitation Trust Fund (**Trust Fund**), currently \$410 million in cash and bank guarantees.

#### Background on Annual Plan of Rehabilitation

As previously advised, ERA is required to maintain the Trust Fund with the Commonwealth Government. The Trust Fund is intended to provide security against the estimated costs of closing and rehabilitating the Ranger mine immediately (rather than on the planned cessation of processing operations).

In accordance with ERA's longstanding agreement with the Commonwealth Government relating to the Ranger Project Area, each year ERA is required to prepare and submit an APR to the Commonwealth Government, which is then independently assessed and costed. This costed amount is then used to inform the level of security required by the Commonwealth Government to be provided by ERA to the Trust Fund.

At present, the Trust Fund of \$410 million comprises \$76 million in cash and \$334 million in bank guarantees. This amount was determined by the Commonwealth Government in 2018 when ERA's rehabilitation provision was approximately \$526 million<sup>2</sup> and prior to the finalisation of the Ranger closure feasibility study (**Feasibility Study**) in early 2019.

Following completion of the Feasibility Study and the resulting increase in the Company's rehabilitation provision, ERA expected the amount of security required by the Commonwealth Government would increase (as noted in ERA's Capital Raising presentation dated 15 November 2019).

#### Q1 2020 Update

The independent assessor has estimated the net present cost (**NPC**) to be \$670.5 million.<sup>3</sup>

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<sup>1</sup> As at 1 January 2020. Discounted at 2 per cent and presented in real terms.

<sup>2</sup> As at 31 December 2017.

<sup>3</sup> As at 1 January 2020. Discounted at 2 per cent and presented in real terms.



**ERA**

ERA is reviewing the assessment in order to determine whether it is dissatisfied with any aspects and is considering whether to make any representations to the relevant Commonwealth Minister before the revised security amount is finally determined. However, ERA does not currently expect the final amount will be materially different to the independent assessment.

If the NPC estimate is not altered, then ERA would be required to provide additional security of approximately \$261 million in the form of cash or bank guarantees to the Trust Fund. The funds being raised under the Entitlement Offer are sufficient to meet this additional security requirement.

ERA's reported rehabilitation provision of \$799 million<sup>4</sup> encompasses all activities which are documented in the APR. The basis and methodology required to be used by the independent assessor to determine the NPC for the APR process differ in a number of respects from the basis and methodology used by ERA as part of the Feasibility Study to determine its audited rehabilitation provision. In particular, there are a number of parameters inherent to the APR assessment that impact the completeness of the APR cost estimate to adequately fund a managed closure scenario. These differences include:

- a) differences in the timing and scope of rehabilitation activities;
- b) the APR being prepared on the basis that rehabilitation works will be completed in the absence of an (or the existing) ERA project management structure; and
- c) the APR being costed on the basis of the independent assessor's estimated rehabilitation costs of hypothetically closing and rehabilitating the mine immediately, rather than on the planned cessation of processing operations.

### **Next steps**

As noted above, ERA is reviewing the assessment in order to determine whether it is dissatisfied with any aspects and is considering whether to make any representations to the relevant Commonwealth Minister before the revised security amount is finally determined. ERA anticipates that the Commonwealth Government will conclude the APR process and determine the revised security amount to be provided into the Trust Fund in Q1 2020.

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<sup>4</sup> As at 30 June 2019. Discounted at 2 per cent and presented in real terms.



**ERA**

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**About Energy Resources of Australia Ltd**

Energy Resources of Australia Ltd (**ERA**) operates the Ranger mine, Australia's longest continually operating uranium mine.

Together, ERA provides clean energy to the world and cares for people and country.

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 130,000 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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