

**ERA****Energy Resources of Australia Ltd**

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CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

27 April 2022

Good morning ladies and gentlemen and welcome to the 2022 Annual General Meeting of Energy Resources of Australia Ltd. Thank you to those of you who have travelled to be here today.

On behalf of the Board, I would like to start this meeting by acknowledging the Larrakia people, the custodians of the land on which we are conducting this AGM today. I would also like to acknowledge the Mirarr people, the Traditional Owners and custodians of the land on which the Ranger Project Area is located. I pay my respects to elders past, present and emerging.

The past year has been challenging on a number of fronts, but, as always, our number one priority remains the well-being, health and safety of our people and surrounding communities.

I am therefore very pleased to report – and to applaud – the achievement of an injury free year at ERA. We congratulate our workforce for maintaining its focus on the prevention of injuries during a year of considerable change.

COVID19 continues to threaten the health of our people and our local communities. As in 2020, in 2021 implementation of our COVID19 Management Plan has been rigorous and the ERA team has done extraordinarily well to help prevent the spread of the virus amongst employees and the local community.



Travel restrictions, isolation requirements and supply delays have caused business disruption. The biggest challenge has been to the scheduling of projects and events. The Board is pleased to be able to join you in person this year – last year we were restricted from doing so due to the hard borders then in place.

I am also pleased to report, once again, that there have been no environmental incidents at Ranger which have caused damage to the surrounding environment. This might seem a relatively straightforward achievement now that production has ceased. However, there are many inherently risky activities associated with rehabilitation activities, such as the transfer of tailings to Pit 3, the cleaning of the Tailings Storage Facility floor, and the decommissioning of the processing plant, with its many tanks and pipelines.

Again, congratulations to all in the ERA team. The ERA Board and workforce must - and will - never become complacent about protecting people and the environment. I will leave Brad to provide further information on health, safety and the environment in his report in a moment.

As I noted in our Annual Report, 2021 was book-ended by two very significant events: the cessation of processing and the recognition of material overruns in the Ranger rehabilitation cost and schedule estimates.

On January 8, 2021, the last drum of uranium oxide was produced at Ranger. As required by the terms of the section 41 authority, ERA stopped processing and, after four decades of production, the Ranger mill was turned off for the last time. Long term workers at Ranger tell me the silence is eerie. It is certainly the end of an era for ERA, for the region and for uranium mining in Australia. ERA and all of



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the people associated with Ranger are entitled to be extremely proud of its history as Australia's longest continually operating uranium producer.

With only one week available to us in 2021 to process stockpiled uranium ore, production of uranium oxide was limited to only 24 tonnes. However, ERA held a substantial inventory of drummed uranium oxide enabling the Company to complete existing sales contracts as well as selling opportunistically into the spot market.

Brad will provide further detail on sales in a moment, but I would like to share with you that the last sale of uranium oxide produced at Ranger is pending and should be completed in coming weeks. ERA will then have no remaining inventories of drummed uranium oxide. After forty years of uranium oxide exports, this is another historic milestone for ERA. ERA can be proud of its track record of responsibly and reliably supplying global markets and for its contribution to the production of clean energy.

You will all be aware of the very strict regulatory framework applying to the Ranger Project Area, and, particularly relevant now, are our rehabilitation obligations as expressed in the Environmental Requirements attaching to the section 41 authority. These obligations are appropriate, having regard to the unique and sensitive nature of the region in which the Ranger mine has operated. I want to assure all of our stakeholders that ERA remains fully committed to achieving the required rehabilitation outcomes.

The Ranger Feasibility Study undertaken in 2018 and approved in early 2019 sought to estimate the processes, costs and schedule of Ranger rehabilitation, based on plans and known risks at that time. Regrettably, since then a number of risks have materialised; assumptions have changed; aspects of rehabilitation



execution have proven to be more technically challenging than originally anticipated; and there have been increasing and unbudgeted costs.

A reforecast process was formally commenced in October last year. While the Company remains cash positive and has substantial funds held in trust by the Commonwealth Government, it has become clear that there will be a significant overrun in the cost estimate. With input from an independent review by global engineering firm Bechtel, the Company has announced a preliminary finding that the cost of completing Ranger rehabilitation will be between \$1.6 billion and \$2.2 billion, including what has already been spent since January 2019. This is compared with the 2019 Feasibility Study estimate of \$973 million.

While the Ranger Mine Closure Plan had previously been based on meeting the statutory deadline of January 2026, it is clear that rehabilitation works will not be completed until some time after this deadline. ERA has been in discussions and is aligned with Governments and key stakeholders over the need to extend the Company's tenure on the Ranger Project Area in order to complete the rehabilitation.

The cost and schedule reforecast process is ongoing and will continue for a number of months yet, before we can be confident that we have a clear pathway and capability to achieve the rehabilitation objectives. In the meantime the Board is reviewing all available options to ensure that the forecast increase in the cost of rehabilitation will be adequately funded.

As I have previously commented, but want to re-emphasise: we are fully committed to the comprehensive rehabilitation of the Ranger Project Area and meeting our commitments to the Mirarr Traditional Owners. As recently as 8 April this year at its Annual General Meeting in London, the Chairman of our parent



company, Rio Tinto Ltd reaffirmed that Rio Tinto “remains as a company absolutely committed to making sure that ERA is appropriately rehabilitated”. He went on to say that “we have given that undertaking before and we are absolutely sticking with that.... to ensure that it is done correctly and to our standard notwithstanding the fact that we are not owners of the mine”. Without question, the Company’s strategic priority must be - and is – the rehabilitation of the landscape to generate a final landform that could be incorporated into the surrounding world heritage listed Kakadu National Park.

This is a complex and challenging project, but I am confident that we will deliver the required outcomes. ERA has deep knowledge and experience in rehabilitation and has been progressively rehabilitating the Ranger Project area since the cessation of mining activities in Pit 1 in 1995. This will, once again, be reflected in the next publicly available update to the Ranger Mine Closure Plan, which will incorporate the findings of the current reforecast process. Like previous iterations, the Plan will include input from, and will be reviewed by, key stakeholders and government agencies, including the Supervising Scientist Branch. I believe that the work being undertaken by ERA, its regulators and key stakeholders will give the Australian public confidence in what will be achieved at Ranger. Indeed, there were a number of rehabilitation milestones achieved at Ranger in 2021. Brad will talk to some of these in his address.

In addition to our strategic priority of rehabilitation, the Board will continue to look at opportunities for ERA beyond Ranger. That focus will not be lost. However, as you will understand, in light of the current reforecast process, this is not our immediate priority. The Board will have more to report on this at a later time.

During the course of 2021 many of our people departed ERA as we necessarily downsized the workforce with the cessation of production and shifted our



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capabilities to be more aligned with the primary focus now on rehabilitation. I would like to acknowledge and thank those employees who have left the company for their significant contribution to ERA. In addition, our former Chief Executive Paul Arnold left the company after four very valuable years of leadership and contribution to ERA. Thank you Paul. I also take this opportunity to thank all of our employees for their hard work through the challenging year that was 2021.

The ERA Board also deserves recognition for its support in a difficult year. They, too, have embraced the issues and have worked hard to find resolution to ERA's current challenges.

Thank you.

I now hand over to our new Chief Executive, Brad Welsh.

Peter Mansell
Non-Executive Chairman