ERA Energy Resources of Australia Ltd

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ASX Interim report – 30 June 2022

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 31 December 2021 financial report

Contents

Directors' Report

for the half-year ended 30 June 2022

The Directors of Energy Resources of Australia Ltd (**ERA or the Company**) present their report together with the interim financial report of the Company, for the half-year ended 30 June 2022.

Directors

The Directors of the Company at any time during the half-year or since the end of the financial period were:

Name	***Period of Directorship***
Mr P Mansell (Chairman)	Appointed October 2015
Mr B Welsh	Appointed Chief Executive and Managing Director February 2022
Mr S Charles	Appointed October 2015
Mr J Carey	Appointed August 2019
Mr P Dowd	Appointed October 2015
Mr J van Tonder	Appointed May 2020
Ms R Fagen	Appointed February 2022

Results for announcement to the market

A summary of revenues and results for the half-year is set out below:

			June 2022 $000	**June 2021 $000**
Cash flow from operating activities	-167%	to	(34,053)	(12,734)
Revenue from sales of uranium oxide	-34%	to	35,261	53,470
Revenue from ordinary activities	-21%	to	47,663	60,206
Profit / (Loss) from ordinary activities before tax attributable to members	-1,272%	to	(33,577)	(2,448)
Profit / (Loss) from ordinary activities after tax attributable to members	-538%	to	(33,577)	(5,265)
Net Profit / (Loss) for the period attributable to members	-538%	to	(33,577)	(5,265)
Earnings / (Loss) per share (cents)	-800%	to	(0.9)	(0.1)

These financial results have been prepared in accordance with Australian Accounting Standards. All dollars in this report are Australian dollars, unless otherwise stated.

Directors' Report

for the half-year ended 30 June 2022

Review of operations

Energy Resources of Australia Ltd (**ERA** or the **Company**) incurred negative cash flow from operating activities of $34 million for the half-year ended 30 June 2022 compared to negative $13 million for the same period in 2021. Rehabilitation costs incurred for the half-year ended 30 June 2022 were $80 million compared to $70 million for the same period in 2021.

ERA held total cash resources of $669 million at 30 June 2022, comprised of $132 million in cash at bank and $537 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Special Account (Trust Fund). The Company's ability to access the funds held in the Trust Fund is subject to the terms of the Ranger Government Agreement (see below). The Company has no debt and $125m in bank guarantees.

ERA recorded a net loss after tax for the half-year ended 30 June 2022 of $34 million compared to a net loss after tax of $5 million for the same period in 2021. The half-year ended 2022 reflects lower sales volumes, with the final drum of uranium oxide produced at Ranger sold in May 2022. The net loss was also adversely impacted by a significant non-cash increase in unwind of discount and inflation relating to the higher rehabilitation provision balance and higher rates of inflation at present. Favourable impacts were seen from additional gasoil swap contract gains as a result of strengthening fuel prices, revenue from sale of assets and lower operating costs.

In response to the ongoing COVID-19 pandemic, ERA continues to maintain controls and protocols in accordance with the Company's COVID-19 Management Plan to protect our employees and local communities as our first priority and ensure full compliance with Government requirements.

Production at the Ranger Mine ceased, in accordance with the Ranger Authority on 8 January 2021. This concluded processing activity on the Ranger Project Area afters 40 years of operation. Therefore, no uranium oxide was produced during the half year.

Revenues from sales of uranium oxide were $35 million for the half year compared to $53 million for the same period in 2021.

Sales volume for the period was 242 tonnes including the sale of final uranium oxide inventories in May 2022, compared to 351 tonnes for the June 2021 half-year. All sales were made into the spot market, achieving an average realised sales price of US$48.88 per pound compared to the average realised price on all sales (including uncontracted material sold into the spot market) for the same period in 2021 of US$51.39 per pound.

The average realised Australian/US dollar exchange rate for the first half of 2022 was consistent with the comparative period at US74 cents. All sales of uranium oxide are denominated in US dollars.

Cash costs for the June 2022 half-year were lower than the corresponding period in 2021. This was mainly driven by the cessation of processing in January 2021 and move to full scale rehabilitation as well as reduced costs related to the completion of final uranium sales. Cash costs, excluding rehabilitation related expenditure, are now those of a corporate nature.

Interest income for the period was $1.9 million, compared to $1.1 million for the June 2021 half-year. The weighted average interest rate received on term deposits for the period was 0.64 per cent (2021: 0.35 per cent).

Rehabilitation

At 30 June 2022, the ERA rehabilitation provision is $1,218 million[1]. During the first half of 2022, ERA incurred expenditure of $80 million on rehabilitation activities.

Progressive rehabilitation of the Ranger Project Area has continued during the first half of 2022 with several key milestones achieved.

The conversion of the Tailings Storage Facility to a water storage facility and water transfers from Pit 3 to the Ranger Water Dam were completed on 16 May 2022. This enabled the commencement of the Western and Southern ramp work fronts which are required to facilitate Pit 3 wicking installation.

ERA's Jabiru housing refurbishment program continues to progress. ERA is progressively working with Jabiru Kabolkmakmen Ltd for the transfer of properties to enable tenanting by third parties.

ERA also submitted a Pit 3 capping application, based on the currently preferred subaerial capping methodology, to stakeholders in April 2022.

Other key rehabilitation activities continued including preparation activities and procurement of long lead items for wicking installation and Brine Squeezer process water modification as well as ongoing water treatment.

For key updates on the rehabilitation project progress and risks refer to note 2 Critical Accounting Estimates and Judgements.

Interim entitlement offer update

As announced on 24 June 2022, given ERA's current cash on hand position, an urgent interim funding solution is required.

As further announced on 28 July 2022, ERA's Independent Board Committee (IBC) has determined to engage an independent valuation expert to determine the fair value of ERA and will then determine the offer price for an interim entitlement offer by reference to the fair value as determined by the independent valuation expert.

ERA will advise shareholders of the terms of the proposed interim entitlement offer once they are determined, which is currently targeted to be in late Q3 of 2022.

Reforecast findings cost and schedule overrun

As previously announced, the preliminary findings of ERA's reforecast exercise indicated that the revised total cost of completing the rehabilitation of the Ranger Project Area, including incurred spend since 1 January 2019, was estimated to be between $1.6 billion and $2.2 billion and would potentially have a revised date for completion of rehabilitation activities of between Quarter 4, 2027 and Quarter 4, 2028.

Approximately $410 million of the total cost of completing the rehabilitation of the Ranger Project Area was spent from 1 January 2019 to 30 June 2022.

The forecast cost overruns have been caused by a number of factors including complexities in technical risk management, project delays and additional scope matters involving unbudgeted costs.

Alongside other factors, risks identified by ERA at the time of its previous entitlement offer in 2019 have materialised, including increased cost pressures and technical challenges to meet the existing January 2026 deadline for completing the rehabilitation of the Ranger Project Area.

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[1] 30 June 2022 provision discounted at 1.5% per cent. This equates to an estimated $1,376 million in undiscounted nominal terms or $1,275 million in undiscounted real terms.

The preliminary findings of the Reforecast were based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan (i.e. assuming subaqueous capping of Pit 3). Subaerial capping, previously adopted for Pit 1, is a more traditional method and it is currently ERA's preferred methodology.

Table 1: Summary of cost differences between the 2019 Feasibility Study and the preliminary findings of the Reforecast using the subaqueous capping method.(1)

Ranger rehabilitation expenditure estimate from 1-Jan-19 onwards *($m, nominal)*	2019 Feasibility Study estimate(2)	Prelim. findings of Reforecast(3) Low	Prelim. findings of Reforecast(3) High	Spend to date(4)	Key reason for change
Transfer tailings and water treatment	$330m	$500m	$660m	$206m	• Increased tailings and longer duration of dredging • Additional clean-up costs associated with the TSF • Higher water treatment costs due to an increase in water treatment volumes and additional costs to capture run off from Pit 3
Capping and backfill	$247m	$420m	$580m	$43m	• Emergent technical risks and forecast additional cost and schedule impacts in executing the Pit 3 capping works using the subaqueous wicking and capping methodology(1) • The ERA heavy mining equipment fleet requires a significant overhaul to be capable of moving the quantity of bulk materials
Site services and support	$160m	$410m	$570m	$91m	• Power costs have increased as the 2019 Feasibility Study estimate assumed Ranger Power Station decommissioning in mid-2021 and a scalable power solution for 2021-2025, which has not eventuated • Brine Concentrator demand has increased since the 2019 Feasibility Study, and the life of the Ranger Power Station has been extended • Operating costs of the camp and town are higher, based on a competitive tender of those services. Additional camp capacity has also been assumed due to higher than assumed headcount • Support costs such as HSEC have increased, as have study costs (notably landform studies to ensure compliant closure)
Revegetation	$88m	$90m	$130m	$6m	• Additional seed collection, propagation, fire and weed management costs, among others
Owner's team costs and engineering	$87m	$120m	$160m	$50m	• Owner's team expanded relative to the 2019 Feasibility Study assumption based on recent knowledge gained from rehabilitation activities undertaken since the 2019 Feasibility Study
Demolition and disposal	$41m	$70m	$80m	$13m	• Costs of ensuring that existing infrastructure is safely maintained have increased
Post closure monitoring(5)	$20m	$30m	$40m	$1m	• Additional costs now assumed for post closure maintenance and monitoring activities • Additional funding to enable more constructive engagement with Traditional Owners
Total	**$973m**	**$1,640m**	**$2,220m**	**$410m**	*(Prelim. findings of the Reforecast have been rounded to the nearest $10m)*

Notes: (1) The preliminary findings of the Reforecast were based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan (i.e. assuming subaqueous capping of Pit 3). Subaerial capping, previously adopted for Pit 1, is a more traditional method and it is currently ERA's preferred methodology; (2) Based on 31 December 2018 rehabilitation provision, $973 million undiscounted in nominal terms, excluding not yet recognised termination benefits in line with Australian Accounting Standards. Please note that, if comparing to page 11 of ERA's Capital Raising Presentation released 15 November 2019, the figures in that presentation are displayed from 30 June 2019 onwards; (3) Preliminary findings of the Reforecast have been rounded to the nearest $10m; (4) From 1 January 2019 to 30 June 2022; (5) Including an allowance of $1 million in relation to the estimated cost of Jabiluka Mineral Lease rehabilitation expense.

ERA notes that the rehabilitation project continues to be exposed to challenging conditions, including tight labour market conditions, supply chain constraints and inflationary pressures being experienced across the broader industry. One example is that ERA is currently experiencing a 2-month delay in receiving the wicking barge ordered from China.

2022 Feasibility Study and revised Mine Closure Plan

In May 2022, ERA commenced a feasibility study update in connection with a lower technical risk rehabilitation methodology (primarily relating to the subaerial capping of Pit 3[2]) and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost and schedule (2022 Feasibility Study). Subaerial capping, previously adopted for Pit 1, is a more traditional method and it is currently ERA's preferred methodology.

[2] In essence, the subaerial methodology involves Pit 3 drying and being capped subaerially (i.e. not under water).

The 2022 Feasibility Study is expected to take approximately 12 months to complete and will ultimately lead to a revised Mine Closure Plan being developed.

The preliminary findings of the Reforecast, as to both cost and schedule, referred to previously were based on the rehabilitation of the Ranger Project Area being completed in accordance with the subaqueous Pit 3 capping methodology[3] set out in the current Mine Closure Plan for the Ranger Project Area.

Extension of the expiry date of ERA's tenure on the Ranger Project Area

ERA is not expected to be able to meet its rehabilitation deadline of January 2026 and has conveyed that expectation to all stakeholders.

To provide access to the site beyond January 2026, a new s 41 Authority[4] is required, which first requires an amendment to the Atomic Energy Act 1953 (Cth).

ERA is well advanced in its discussions with relevant Government departments in relation to the required amendment, which will allow the issue of a new s 41 Authority.

Gundjeihmi Aboriginal Corporation (GAC), the Northern Land Council (NLC) and ERA have been working collaboratively with relevant Government departments on the rehabilitation of the Ranger Project Area and the proposed amendment to the Atomic Energy Act. The GAC and NLC, together with ERA have written to the relevant Minister to confirm that they jointly support the introduction of legislation to amend the Atomic Energy Act to allow ERA to apply for a new s 41 Authority to access the Ranger Project Area to complete rehabilitation of the site beyond January 2026.

Ranger Rehabilitation Commonwealth Trust Fund Arrangements

ERA has agreed amendments to the Ranger Government Agreement with the Commonwealth to introduce a clearer framework for managing the amount of security held by the Commonwealth and releasing of funds from the Trust Fund for completed rehabilitation works. Progressive drawdown of funds under this framework will first require revaluation of the security following ERA's internal cost review, which is expected to occur after completion of the 2022 Feasibility Study in 2023. Given the expected increase in the cost of rehabilitating the Ranger Project Area, ERA may be required to provide additional security at that time.

Under this new framework, ERA is entitled to submit a one-off interim payment request for the release from the Trust Fund of an amount representing a portion of the cost of rehabilitation works performed at Ranger between 8 January 2021 and 1 June 2022. An application for drawdown of $58 million was submitted on 26 August 2022 and a response from the Commonwealth is anticipated by the end of October.
In addition to the $536 million cash in the Trust Fund, bank guarantees totalling $125 million[5], procured by ERA, are held by the Commonwealth as additional security for ERA's rehabilitation obligations.

Organisational Change

In January 2022, Bechtel was engaged to review ERA's in house project execution capability to manage and complete the rehabilitation and identified improvement opportunities for ERA's consideration. This review identified, among other things:

- that the size and complexity of the Ranger Project Area rehabilitation requires an uplift in ERA's existing execution capability and resourcing across multiple areas, including a refresh of ERA's organisational structure and execution methodology to meet the project's execution needs;

[3] The subaqueous Pit 3 capping methodology requires the installation of wick drains, geotextile and bridging material subaqueously (i.e. under water).
[4] The s 41 Authority is an authority granted by the relevant Minister under s 41 of the *Atomic Energy Act 1953* (Cth) that authorised ERA to mine, recover, treat and process uranium oxide at Ranger. It obliges ERA to rehabilitate the Ranger Project Area.
[5] Excludes an additional $1m held as an allowance for Jabiluka rehabilitation.

- the Ranger Project Area rehabilitation schedule requires improvements to ensure coordination across all aspects of the project. This will require additional resourcing and the introduction of new routines and procedures;

- ERA's current reporting and progress tracking capability needs to be improved and integrated within the risk management system to better track changes in cost and schedule during ERA's activities; and

- general improvement to project risk management systems.

In response to the findings of the review, ERA has now commenced a number of initiatives to seek to strengthen its in-house project execution capability. These initiatives include:

- ensuring ERA transitions to a 'project-focused' fit-for-purpose organisation with improved reporting and governance systems;

- developing a detailed project schedule incorporating the alternative lower technical risk Pit 3 capping methodology (i.e. subaerial);

- undertaking organisational redesign and engaging with industry partners to 'buy, borrow and build' required capabilities to accelerate the business transformation;

- appointing a Study Director (seconded from Rio Tinto, see below); and

- concurrently running a recruitment campaign for additional senior project delivery leadership roles (e.g., Project Director and Project Services Lead) to meet project execution needs.

ERA has also engaged Bechtel to assist ERA with the 2022 Feasibility Study.

In addition to the above, Rio Tinto has submitted a proposal to ERA to provide additional project support, on a cost-recovery basis, which includes organisational and technical support and the secondment of Rio Tinto personnel into certain specified roles (including the study director role referred to above). ERA is reviewing this interim support proposal in the context of initiatives already underway.

Ranger 3 Deeps

On 8 January 2021, ERA ceased to be authorised to conduct mining operations in the Ranger Project Area, accordingly development of Ranger 3 Deeps is not an authorised activity. Therefore, ERA presently does not have authority to mine Ranger 3 Deeps and is not pursuing such an authority.

It is anticipated an amendment to the Atomic Energy Act will soon be introduced into parliament to enable ERA to apply for a rehabilitation authorisation which will permit it to continue rehabilitation of the Ranger project area. Given its purpose, that authorisation is not expected to authorise any potential mining activities.

In addition to an authorisation to mine Ranger 3 Deeps, the project would need to be economically viable in order for it to be developed. ERA has historically assessed the economics of the Ranger 3 Deeps project to be unviable and given the further work undertaken on the rehabilitation of Ranger Project Area, the project would now be required to support a standalone mill and tailings construction amongst other infrastructure, which would add fixed cost to the operation, further materially challenging the Ranger 3 Deeps Project's viability. ERA has also completed backfill works on the Ranger 3 Deeps decline.

Given the above, no work is being conducted on further development options for the Ranger 3 Deeps deposit.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2022.

Dividends

ERA has decided not to declare an interim dividend in respect of the 2022 half-year. No final dividend was paid in respect to the 2021 financial year.

Outlook

The strategic priority of ERA is the rehabilitation of the Ranger Project Area, which ERA believes will demonstrate ERA's commitment to long-term sustainable operations in the region, create a sustainable, positive legacy and underpin potential future growth opportunities.

Consequently, ERA's near-term strategic priorities include:

- secure a suitable funding option to meet future rehabilitation obligations;
- complete rehabilitation of the Ranger Project Area;
- preserve optionality over the Company's undeveloped resources.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Class Order, amounts in this Directors' Report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 9.

Signed at Darwin this 29th day of August 2022 in accordance with a resolution of the Directors.

Mr P Mansell
Chairman

Competent Person

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2021 Annual Statement of Reserves and Resources which was released to the market on 28 February 2022 and is available to view at Annual Reserves and Resources Statement 2021. The Company 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. The Company 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.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Energy Resources of Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Energy Resources of Australia Ltd for the half-year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Derek Meates
Partner

Perth

29 August 2022

		Half-year ended	
		30 June 2022	30 June 2021
	Notes	**$'000**	$'000
Revenue from continuing operations	3	47,663	60,206
Changes in inventories	4	(22,524)	(34,406)
Materials and consumables used		(163)	(1,132)
Employee benefits and contractor expenses		(6,494)	(9,264)
Government and other royalties		(1,936)	(2,676)
Commission and shipping expenses		(56)	(2,587)
Financing costs	6	(47,615)	(9,810)
Depreciation and amortisation expenses		(165)	(176)
Statutory and corporate expenses		(2,272)	(1,701)
Other expenses		(15)	(902)
Profit/(loss) before income tax		(33,577)	(2,448)
Income tax (expense)/benefit	5	-	(2,817)
Profit/(loss) for the half-year		(33,577)	(5,265)
Other comprehensive income/(loss) for the half-year, net of tax			
Items that will be reclassified subsequently to profit or loss			
Cash flow hedging			
Changes in the fair value of cash flow hedges	5	-	(9,391)
Income tax relating to components of other comprehensive income	5	-	2,817
		(33,577)	(6,574)
Total comprehensive income/(loss) for the half-year		(33,577)	(11,839)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(33,577)	(5,265)
		(33,577)	(5,265)
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of Energy Resources of Australia Ltd		(33,577)	(11,839)
		(33,577)	(11,839)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share	9	(0.9)	(0.1)
Diluted earnings/(loss) per share	9	(0.9)	(0.1)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**Half-year ended** **30 June 2022 $'000**	31 Dec 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents		132,354	163,872
Trade and other receivables		4,954	33,375
Inventories	4	6,911	29,613
Government security receivable	11	58,262	65,400
Derivative financial instruments	5	1,864	3,451
Other		4,918	829
Total current assets		209,263	296,540
Non-current assets			
Undeveloped properties	2	89,856	89,856
Property, plant and equipment		1,098	92
Government security receivable	11	478,253	469,442
Total non-current assets		569,207	559,390
Total assets		778,470	855,930
LIABILITIES			
Current liabilities			
Trade and other payables		23,303	36,803
Provisions	6	281,397	232,732
Lease liabilities		278	93
Total current liabilities		304,978	269,628
Non-current liabilities			
Provisions	6	948,667	1,028,724
Lease liabilities		824	-
Total non-current liabilities		949,491	1,028,724
Total liabilities		1,254,469	1,298,352
Net assets/(deficit)		(475,999)	(442,422)
EQUITY			
Contributed equity	7	1,177,656	1,177,656
Reserves		388,594	388,594
Accumulated losses		(2,042,249)	(2,008,672)
Total equity/(deficit)		(475,999)	(442,422)

The above balance sheet should be read in conjunction with the accompanying notes.

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2022		**1,177,656**	**388,594**	**(2,008,672)**	**(442,422)**
Loss for the half-year		-	-	(33,577)	(33,577)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the half-year		**-**	**-**	**(33,577)**	**(33,577)**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid		-	-	-	-
		-	-	-	-
Balance at 30 June 2022		**1,177,656**	**388,594**	**(2,042,249)**	**(475,999)**

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2021	**1,177,656**	**395,383**	**(1,358,460)**	**214,579**
Loss for the half-year	-	-	(5,265)	(5,265)
Other comprehensive loss	-	(6,574)	-	(6,574)
Total comprehensive loss for the half-year	**-**	**(6,574)**	**(5,265)**	**(11,839)**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2021	**1,177,656**	**388,809**	**(1,363,725)**	**202,740**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Half-year ended **30 June 2022 $'000**	30 June 2021 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of goods and services tax)		83,454	118,993
Payments to suppliers and employees (inclusive of goods and services tax)		(37,387)	(61,142)
Payments for rehabilitation		(80,032)	(70,385)
		(33,965)	(12,534)
Interest received		224	208
Financing costs paid		(312)	(408)
Net cash (outflow)/inflow from operating activities		(34,053)	(12,734)
Cash flow from investing activities			
Payments for property, plant and equipment		-	(43)
Proceeds from sale of property, plant and equipment		2,705	-
Net cash (outflow)/inflow from investing activities		2,705	(43)
Cash flow from financing activities			
Payment of lease liabilities		(162)	(1,038)
Net cash (outflow)/inflow from financing activities		(162)	(1,038)
Net increase/(decrease) in cash and cash equivalents		(31,510)	(13,815)
Cash and cash equivalents at the beginning of the half-year		163,872	204,350
Effects of exchange rate changes on cash and cash equivalents		(8)	(3)
Cash and cash equivalents at end of the half-year		132,354	190,532

1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The interim financial statements have been drawn up on the basis of accounting policies, consistent with those applied in the financial statements for the year ended 31 December 2021, and in the corresponding interim period.

The Company has adopted all accounting standards and pronouncements that were mandatory for periods beginning on or after 1 January 2022 in this interim financial report. There was no impact on the measurement or disclosure of any balances or transactions presented.

The Company has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective.

The critical accounting judgements and key sources of estimation uncertainty for the half year are the same as those disclosed in the Company's financial statements for the year ended 31 December 2021.

(a) Going Concern

As at 30 June 2022, ERA has a deficiency of capital and reserves of $476 million and has also experienced operating losses and negative cash flows during the period ended on that date. As a result of the increase in the rehabilitation estimate in 2021 and ERA's available cash on hand, during 2022 ERA proposed to launch an entitlement offer at a 10-15% discount to ERA's prevailing share price. However, following engagement with ERA's three largest shareholders, no pre-commitments to subscribe for entitlements in the Interim Entitlement Offer were forthcoming based on the Independent Board Committee (IBC) proposed terms from either Rio Tinto or the two next largest shareholders.

In declining to support the Interim Entitlement Offer at the price proposed by the IBC, Rio Tinto noted the lack of pre-commitment from minority shareholders. It further advised the IBC that Rio Tinto does not expect its investment in rehabilitation to generate financial returns, and as such Rio Tinto considers the offer price should reflect fair value which has regard to that expectation, the material cost over runs and interim funding requirements and the Mirarr People's publicly stated position on the future development of Jabiluka. Rio Tinto advised the IBC that, in its view, the IBC's proposed offer price of a 10-15% discount to the prevailing share price of ERA did not have regard to these factors.

As a consequence, the IBC announced on 28 July 2022 that it did not have sufficient confidence that proceeding with the Interim Entitlement Offer on the terms it had proposed would raise the necessary funds. Given the above, the IBC delayed the launch of the Interim Entitlement Offer:

- to enable it to urgently engage an independent valuation expert to determine the fair value of ERA shares, on a basis consistent with an independent expert's valuation prepared under Part 6A.4 of the Corporations Act and in accordance with published ASIC guidance (including Regulatory Guide 111); and
- it will then determine the offer price of the Interim Entitlement Offer by reference to the fair value, as determined by the independent expert valuer.

In August 2022 the IBC engaged an independent valuation expert to determine the fair value of ERA and will then determine the offer price for an interim entitlement offer by reference to the fair value as determined by the independent valuation expert. ERA will advise shareholders of the terms of the proposed interim entitlement offer once they are determined, which is currently targeted to be in late quarter 3, 2022.

The IBC notes Rio Tinto's previous public statements to the effect that it is committed to working with ERA to ensure the rehabilitation of the Ranger Project Area is successfully achieved to a standard that will establish an environment similar to the adjacent Kakadu National Park and ERA has the means to complete this critical rehabilitation project.

The IBC considers that Rio Tinto subscribing for its full pro rata share of its entitlements in the Interim Entitlement Offer, where the price is set by the IBC by reference to the fair value of ERA determined by the independent expert valuer, would be more likely and consistent with Rio Tinto's stated commitment to the completion of the Ranger Project Area rehabilitation project. Rio Tinto's full participation in the Interim Entitlement Offer would ensure that funding required for the rehabilitation of the Ranger Project Area until December 2023 is successfully raised.

On 29 April 2016, the Company entered into a $100 million Loan Agreement with North Limited (a wholly-owned subsidiary of Rio Tinto) in support of ERA's rehabilitation obligations should additional funding ultimately be required. The Loan Agreement contains a review mechanism which is triggered if, before the first drawdown, the estimated rehabilitation cost increases by $12.5 million or more for reasons other than external factors or operational issues beyond ERA's reasonable control. Rio Tinto considers that a Review Event has occurred in light of the significant reforecast estimate, this may give rise to a termination right if the parties cannot agree a satisfactory path forward. Rio Tinto and ERA are engaged on revising certain terms including waiver of the review event to allow this facility to be in place to cover short term liquidity issues should they occur. These negotiations are currently underway and not yet finalised.

Each year, ERA is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation (APR). Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees. The 45th Annual Plan of Rehabilitation is currently being undertaken to align with the conclusion of processing which occurred on 8 January 2021 and consider impacts identified through the rehabilitation reforecast process. Further work on the reforecast (through the 2022 Feasibility Study) and alterations to the Pit 3 capping strategy are ongoing. This review may revise the determined security position which may require additional funding requirements.

ERA has agreed amendments to the Ranger Government Agreement with the Commonwealth to introduce a clearer framework for managing the amount of security held by the Commonwealth and releasing of funds from the Trust Fund for completed rehabilitation works, giving both parties greater certainty on the timing, basis and assessment of payments. The amendments allow ERA to seek a one-off interim payment from the security after all other short-term funding options are exhausted. An application for drawdown of $58 million was submitted on 26 August 2022 and a response from the Commonwealth is anticipated by the end of October. Further details are provided in Note 11.

At 30 June 2022, ERA has $125 million in bank guarantees to the Commonwealth Government over the 44th Annual Plan of Rehabilitation which was finalised in February 2020. Issuers of the bank guarantees have certain pay and walk rights and the guarantees are subject to periodic reviews. Should the banks execute their pay and walk rights or ERA is unable to access bank guarantees, substantial additional cash would be required to indemnify the banks or be deposited into the trust fund. ERA continues to maintain regular dialogue with its major relationship banks.

ERA has reviewed its forward cash expenditure in light of these developments and is closely monitoring its rehabilitation commitments. ERA remains committed to maintaining the current Ranger Project Area rehabilitation schedule to the extent it possibly can. As at 30 June 2022, ERA had $132 million of cash on hand.

As a result of these matters, there is a material uncertainty that may cast significant doubt on ERA's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that ERA will be successful in obtaining additional funding support from its shareholders, and that the APR security requirements will continue to be covered by a mix of cash on deposit, bank guarantees and the funding from its shareholders. Accordingly, the financial report has been prepared on a going concern basis. However, should additionally funding support from its shareholders not occur ERA would likely have insufficient cash on hand to continue its current activities within the foreseeable future.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing to rehabilitate and restore disturbed land to establish an environment similar to the adjacent Kakadu National Park in line with the Company's statutory obligations.

The costs are estimated on the basis of a closure plan, taking into account considerations of the technical closure options available to meet ERA's obligations. The provision for rehabilitation represents the net present cost at 30 June 2022 of the preferred plan (subaerial capping) and represents managements best estimate of cost.

In July 2021, ERA commenced a major reforecast of cost and schedule after risks materialised post-completion of the 2019 Feasibility Study. The reforecast continued into early 2022, including an external evaluation by Bechtel of the preliminary findings. The preliminary findings by ERA from its reforecast exercise based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan indicates that:

(i) the revised total cost of completing the Ranger Project Area rehabilitation, including incurred spend from 1 January 2019, is forecast to be approximately between $1.6 billion and $2.2 billion (undiscounted nominal terms). The previously announced closure estimate, which was based on the Ranger Project Area closure Feasibility Study finalised in 2019 ("Feasibility Study"), was $973 million (undiscounted nominal terms); and
(ii) the revised date for completing the Ranger Project Area rehabilitation is forecast to be between Quarter 4, 2027 and Quarter 4, 2028.

ERA notes that the above revised estimates, as to both cost and schedule, are based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan.

In determining the provision, ERA has considered the preliminary findings from the reforecast, recent work in preparation for an interim Entitlement Offer and potential optimisation of the Pit 3 capping strategy. The reforecast estimate is prepared in nominal terms, it has then been adjusted to real terms by removing the impacts of inflation. This has then been discounted at 1.5% to calculate a closure provision. The estimated closure provision at 30 June, excluding unrecognised employee termination benefits and including an allowance of $1 million for Jabiluka rehabilitation is $1,218 million.

Potential short term spend requirements used in preparation for an interim Entitlement Offer indicates expected costs in 2022 and 2023 may be higher than the preliminary reforecast findings, used to determine the rehabilitation provision. The preliminary reforecast findings, used to determine the rehabilitation provision, has adequate available contingency should these additional costs be realised. No adjustment to the closure provision has occurred given the available contingency and the preliminary stages of the Feasibility Study work into the alternate capping method, noting that optimisation activities have not yet commenced.

Progressive rehabilitation of the Ranger Project Area has continued during the first half of 2022 with several key milestones achieved. In February 2022, stakeholder acceptance was received for the conversion of the Tailings Storage Facility (TSF) to a water storage facility. Water transfers from Pit 3 to the Ranger Water Dam (RWD) were completed on 16 May 2022. This enabled the commencement of the western and southern ramp work fronts which are required to facilitate wicking installation.

ERA's Jabiru housing refurbishment program continues to progress. ERA is progressively working with Jabiru Kabolkmakmen Ltd (JKL) for the transfer of properties to enable tenanting by third parties. During the half-year, a further tranche of refurbished properties were transferred. The Commonwealth Jabiru housing re-roofing program re-commenced in May and is expected to be completed in late 2022. Upon conclusion of the program final inspections and approvals can proceed and a significant number of properties are expected to be transferred.

ERA also submitted a Pit 3 capping application, based on the currently preferred subaerial capping methodology, to stakeholders in April 2022. This application also requires approval from the Minesite Technical Committee, which is scheduled for late 2022.

Other key rehabilitation activities continued including preparation activities and procurement of long lead items for wicking installation and Brine Squeezer process water modification as well as ongoing water treatment.

The rehabilitation project continues to be exposed to challenging conditions, including supply chain constraints and inflationary pressures being experienced across the broader industry. One example is that ERA is currently experiencing a 2-month delay in receiving the wicking barge ordered from China.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factors including legal requirements, technological change, weather events and market conditions. The 2022 Feasibility Study is underway and scheduled for completion in 2023, as such it is reasonably possible that outcomes from within the next financial year may be different from the current cost estimate and could require material adjustment to the rehabilitation provision for the Ranger Project Area.

Selected risks on the Ranger rehabilitation provision are detailed below.

Tailings consolidation
Following the completion of the transfer of tailings to Pit 3, the wicking of Pit 3 will commence. During the final capping process the tailings in Pit 3 will consolidate and express process water, which will need to be collected and treated. The consolidation process will be aided by installing vertical wicks and the knowledge of the consolidation timeframes is backed up by a detailed model based on in situ testing of site tailings. The consolidation model predictions of rates of process water expression is impacted by many factors, including tailings density and other characteristics, deposition method and free process water volume in the pit during deposition. Detailed engineering continues to further refine the scope of work. The impact to the rehabilitation cost and resulting provision, if any, will be further evaluated as part of the assessment of alternate capping options for Pit 3 during the 2022 Feasibility Study.

These impacts have been considered in the reforecast but to the extent tailings consolidation and process water expression extend further could have additional adverse impacts on cost and schedule of completing rehabilitation.

Process water and injection of waste brines
Management of water on the Ranger Project Area is critical to ongoing rehabilitation activities. ERA has a number of procedures and initiatives underway in respect to water management, including the upgrade to the capacity of the Brine Concentrator which was commissioned in February 2021.

Recent performance of the water treatment plant is below planned performance assumed in ERA's water model. ERA has already commenced mitigation efforts and, as part of the 2022 Feasibility Study, will review the adequacy of the water infrastructure and the water model. Unless this deficit in performance can be addressed, it is likely that further costs will be incurred and there will be potential delays in the completion of rehabilitation.

To the extent that any of these initiatives cost more than expected or ERA is required to implement further initiatives (such as the installation of additional water treatment infrastructure), the rehabilitation cost may increase further.

In addition, as a result of treating processed water a waste stream of contaminated salt is generated. The salt is ultimately to be stored below tailings in Pit 3 via injecting the brine through bore holes. This technology has previously been commissioned but the long-term performance is yet to be fully confirmed. Should the disposal of salt in this manner not prove viable, an alternate method of salt disposal would be required. This would demand additional capital expenditure which has not been allowed for in the rehabilitation estimate or resulting provision and may not be available to ERA.

Bulk material movement
Once capping of Pit 3 is complete, large scale bulk material backfill and landform shaping will occur. Bulk material movements are sensitive to the volume of material which is to be moved and the schedule of movement. To the extent volumes or costs of movement change, there may be a material impact on the rehabilitation cost or schedule.

Other factors
In addition to the factors identified above there are many additional items that the estimate could be impacted by, including: evaporation rates, stakeholder requirements, higher costs of relinquishing Jabiru township housing, engineering studies, other site contaminants, plant mortality and project support costs.

In estimating the rehabilitation provision a risk-free discount rate is applied to the underlying cash flows. At 30 June 2022, the real discount rate was 1.5 per cent, which remains consistent with 31 December 2021.

Cash flow timing
The company estimates the presentation of its rehabilitation provision between current and non-current liabilities, based on anticipated timing of expenditure from updated cash flow forecasts.

Asset carrying values

ERA has two cash generating units (CGUs); the Ranger Project Area and the Jabiluka Mineral Lease. The Ranger CGU includes all assets and liabilities related to activities on the Ranger Project Area, including the rehabilitation provision. The Jabiluka Undeveloped Property relates to the Jabiluka Mineral Lease, which is currently under a Long Term Care and Maintenance Agreement with Traditional Owners.

At the end of each reporting period, ERA assesses whether there are any indications that ERA's CGUs may be impaired or circumstances have changed to indicate reversal of prior impairments. This requires judgement in analysing possible impacts caused by factors such as the price of uranium oxide, foreign exchange movements, operating and capital estimates, discount rate, project progression and Traditional Owner relationships.

ERA assessed the recoverable amount using a fair value less costs of disposal (FVLCD) method. ERA conducts impairment testing using a probability-weighted discounted cash flow model.

Undeveloped Properties Judgements

Undeveloped properties are considered assets not yet ready for use. In reporting periods where impairment testing is required, the recoverable amount of the undeveloped properties is determined using the fair value less costs of disposal method. Undeveloped properties consist of the Jabiluka Mineral Lease.

The Jabiluka Mineral Lease is currently subject to a Long Term Care and Maintenance Agreement with Traditional Owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

The valuation of the Jabiluka Mineral Lease requires a high degree of judgement. To determine the fair value for the impairment trigger assessment, ERA uses a probability weighted discounted cash flow model, based on post-tax cash flows expressed in real terms, estimated until the end of the life of mine plan and discounted using an asset-specific post-tax real discount rate. Results are cross checked against market valuations of other undeveloped mining projects in the uranium industry. The approach has previously been reviewed by an external valuation expert.

ERA regularly reviews and updates these assumptions and assesses potential impairment indicators and impairment reversal indicators. For the June 2022 half-year, the review did not identify any indicators that the carrying amount of the Jabiluka Undeveloped Property may not be recovered in full, from successful development or sale.

This review primarily considered the following key factors:

- uranium price changes based on the average of two reputable market analysis firms on the long term uranium oxide price and the ongoing presence of a contract price premium;
- long term consensus forecast Australian/US dollar exchange rates;
- probability and timing of development and ongoing stakeholder relations; and
- applicable discount rate.

While some improvement in macro-economic factors has been identified since the prior impairment ERA does not consider that the overall prospects of the project have materially changed. With lease renewal upcoming and stakeholder engagements in early stages, any short or prolonged improvements in the economics do not materially change the prospects of realising additional value from the undeveloped property. As such, no indicators were identified that the previously recorded impairment should be reversed.

As a result, the carrying value of the Jabiluka Undeveloped Property remains at $90 million.

Key assumptions to which the Jabiluka model is sensitive include: the probability of future development (which includes an assessment of obtaining any required approval and/or support of various stakeholders, including Traditional Owners, regulatory bodies and shareholders), uranium oxide prices (including term contract price premiums in the future), foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources, lease tenure renewal (January 2024) and development delays.
Any reasonably foreseeable movements in key economic assumptions would not be likely to result in further impairment.

ERA's view remains that Jabiluka is a large, high quality uranium ore body of global significance.

Taxation

ERA has approximately $258 million of tax losses (at 30% per cent) that are not recognised as deferred tax assets due to uncertainty regarding ERA's ability to generate adequate levels of future taxable profits. This treatment is reviewed at each reporting date. Should future taxable profits eventuate this treatment will not impact ERA's ability to utilise available tax losses in future periods.

Judgement is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgements and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

Fair value of financial instruments (hedging)

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In the case of the derivative financial instruments, fair value has been estimated as described in Note 5.

3 Segment information

Description of Segment

Management has determined the operating segment based on the reports reviewed by the Chief Executive that are used to make strategic decisions.

The Chief Executive considers the business from a product perspective and has identified only one reportable segment in the half-year ended 30 June 2022, being selling of uranium and site rehabilitation. There are no other unallocated operations.

Segment Revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the statement of comprehensive income.

Revenues from customers are derived from the sale of uranium. Segment revenue reconciles to total revenue from continuing operations with the addition of other income, which includes asset sales, interest revenue and rent received.

The Company is domiciled in Australia. The result of its revenue from external customers in other countries is outlined in the table below:

	Half-year ended	
	30 June 2022 $'000	30 June 2021 $'000
Sales to customers		
Asia	35,261	53,470
Total sale of goods	35,261	53,470
Other revenue	12,402	6,736
Total other revenue	12,402	6,736
Total revenue from continuing operations	47,663	60,206

Segment revenues are allocated based on the country in which the customer is based. ERA places all sales through a marketing agreement with Rio Tinto Uranium based in Asia.

4 Inventories

(a) Inventories – current

	30 June 2022 $'000	31 Dec 2021 $'000
Stores & spares	6,911	7,089
Finished product U_3O_8 at cost	-	22,524
Total current inventory	6,911	29,613

Inventories are carried at the lower of cost or net realisable value in accordance with AASB 102 *Inventories*. When necessary, a net realisable value adjustment is included in 'Changes in inventories' in the statement of comprehensive income. At 30 June 2022 no finished goods inventory were on hand.

5 Financial assets

(a) Financial assets – current

Gasoil swap contracts (non designated hedge)	1,864	3,451
Total current financial assets	1,864	3,451

Derivative financial instruments

ERA has entered into both forward foreign exchange contracts and gasoil swap contracts. These contracts are used to manage ERA's exposure to US dollar sales and the price of diesel used to run major mine infrastructure.

Forward foreign exchange contracts
All forward exchange contracts were completed during the half-year ended 2021. The forward exchange contracts were designated and were effective as a hedging instrument.

Amounts previously recognised in the statement of comprehensive income and accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Movements in the cash flow hedging reserve is as follows:

Balance 1 January	-	6,574
Unsettled change in fair value (before tax)	-	(9,391)
Tax on unsettled change in fair value	-	2,817
Gain on changes in fair value of settled hedges	-	9,561
Gain on changes in fair value reclassified to profit or loss	-	(9,561)
Hedge reserve at end of period	-	-

Gasoil swap contracts
The Gasoil swaps have been measured at fair value, with the resulting gains recorded in the profit and loss.

Gasoil swap contracts will mature as follows and are recorded as a non-current asset when maturity is greater than 1 year. The following table details ERA's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted cash flows. Settlement of the Gasoil swap contracts occurs on a net cash flow basis, based on the spot price at settlement.

Buy Gasoil	Notional A$ million	A$ per barrel
Less than 1 year	1.2	89.00

At 30 June 2022, had the Gasoil forward price weakened/strengthened by 10 per cent with all other variables held constant, the change in financial assets would have affected pre-tax profit for the half year by $0.1 million.

6 Provisions

	30 June 2022 $'000	31 Dec 2021 $'000
(a) Provisions – current		
Employee benefits	11,066	9,834
Rehabilitation	270,331	222,898
Total current provisions	281,397	232,732
Movement in current rehabilitation provisions		
Carrying amount at the start of the year	222,898	162,928
Payments	(80,032)	(153,149)
Utilisation of lease assets	-	(1,227)
Transfer from non-current provision	127,465	214,346
Carrying amount at the end of the period	270,331	222,898
(b) Provisions – non-current		
Employee benefits	866	753
Rehabilitation	947,801	1,027,971
Total non-current provisions	948,667	1,028,724
Movement in non-current rehabilitation provisions		
Carrying amount at the start of the year	1,027,971	555,371
Unwinding of discount	47,295	18,797
Change in estimate	-	668,149
Transfer to current provision	(127,465)	(214,346)
Carrying amount at the end of the period	947,801	1,027,971

Employee Benefits

During the half year ended 30 June 2022, a provision for benefits payable on termination of employment continued to be recognised. A total of $1.0M was recognised as payable in 2022 and has been recognised as a current liability (2021: $0.9M). The remaining employer benefits relate to annual leave and long service leave. Entitlements currently payable are classified as current provisions and entitlements due in greater than 12 months are classified as non-current provisions.

7 Share capital

A Class shares fully paid		
Share on issue at the start of the year	3,691,383	3,691,383
Total shares on issue at the end of the period	3,691,383	3,691,383
Total contributed equity		
Contributed equity at the start of the year	1,177,656	1,177,656
Contributed equity at the end of the period	1,177,656	1,177,656

8 Contingencies

Legal actions against ERA

Unresolved legal action commenced (in 1999) by the Mirarr Traditional Owners in the Federal Court against the former Federal Minister for Resources and ERA, claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative, is dormant. Should ERA proceed with the Jabiluka Mill Alternative, notice will be given to the applicant who may or may not wish to pursue the argument further. No material losses are anticipated in respect of this legal dispute.

9 Earnings per share

	Half-year ended	
	30 June 2022 Cents	30 June 2021 Cents
Basic earnings/(loss) per share	(0.9)	(0.1)
Diluted earnings/(loss) per share	(0.9)	(0.1)

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share 2022: 3,691,383,198 (2021: 3,691,383,198).

10 Liquidity and capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The future liquidity and capital requirements of ERA will depend on many factors. As a result of the rehabilitation provision increase, ERA has insufficient funds to fully fund rehabilitation. ERA proposed to launch an entitlement offer at a 10-15% discount to ERA's prevailing share price. However, following engagement with ERA's three largest shareholders, no pre-commitments to subscribe for entitlements in the Interim Entitlement Offer were forthcoming on the Independent Board Committee (IBC) proposed terms from either Rio Tinto or the two next largest shareholders. As a consequence, the IBC announced on 28 July 2022 that it did not have sufficient confidence that proceeding with the Interim Entitlement Offer on the terms it had proposed would raise the necessary funds. Given the above, the IBC delayed the launch of the Interim Entitlement Offer:

- to enable it to urgently engage an independent valuation expert to determine the fair value of ERA shares, on a basis consistent with an independent expert's valuation prepared under Part 6A.4 of the Corporations Act and in accordance with published ASIC guidance (including Regulatory Guide 111); and
- it will then determine the offer price of the Interim Entitlement Offer by reference to the fair value, as determined by the independent expert valuer.

The IBC notes Rio Tinto's previous public statements to the effect that it is committed to working with ERA to ensure the rehabilitation of the Ranger Project Area is successfully achieved to a standard that will establish an environment similar to the adjacent Kakadu National Park.

The IBC considers that Rio Tinto subscribing for its full pro rata share of its entitlements in the Interim Entitlement Offer, where the price is set by the IBC by reference to the fair value of ERA determined by the independent expert valuer, would be more likely and consistent with Rio Tinto's stated commitment to the completion of the Ranger Project Area rehabilitation project. Rio Tinto's full participation in the Interim Entitlement Offer would ensure that funding required for the rehabilitation of the Ranger Project Area until December 2023 is successfully raised.

ERA has reviewed its forward cash expenditure in light of these developments and is closely monitoring its rehabilitation commitments. ERA remains committed to maintaining the current Ranger Project Area rehabilitation schedule to the extent it possibly can. As at 30 June 2022, ERA had $132 million of cash on hand.

An inability to obtain sufficient funding would have a material impact on ERA's business, financial performance and assessment as a going concern.

On 29 April 2016, the Company entered into a $100 million Loan Agreement with North Limited (a wholly-owned subsidiary of Rio Tinto) in support of ERA's rehabilitation obligations should additional funding ultimately be required. The Loan Agreement contains a review mechanism which is triggered if, before the first drawdown, the estimated rehabilitation cost increases by $12.5 million or more for reasons other than external factors or operational issues beyond ERA's reasonable control. Rio Tinto considers that a Review Event has occurred in light of the significant reforecast estimate, this may give rise to a termination right if the parties cannot agree a satisfactory path forward. Rio Tinto and ERA are engaged on revising certain terms including waiver of the review event to allow this facility to be in place to cover short term liquidity issues should they occur. These negotiations are currently underway and not yet finalised. As at 30 June 2022, ERA had no debt and $669 million in total cash resources (comprising $132 million of cash on hand or at call and $537 million invested as part of the government security receivable).

11 Government security receivable

ERA is required to maintain the Ranger Rehabilitation Special Account (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. Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation (Annual Plan). Once accepted by the Commonwealth Government, the Annual Plan is then independently assessed and costed and the amount to be provided by the Company into the Trust Fund is then determined.

As at 30 June 2022, ERA had $537 million in cash currently held by the Commonwealth Government as part of the Ranger Rehabilitation Special Account (Trust Fund). In addition, bank guarantees procured by ERA totalling $125 million are held by the Commonwealth as additional security for ERA's Ranger rehabilitation obligations (an additional $1 million is held as an allowance for Jabiluka rehabilitation).

These bank guarantees were provided to the Commonwealth Government based on its review in February 2020 of the 44th Annual Plan of Rehabilitation submitted by ERA (i.e. prior to the Reforecast of the cost of Ranger Project Area rehabilitation).

ERA has agreed amendments to its Government Agreement with the Commonwealth to introduce a clearer framework for managing the amount of security held by the Commonwealth and releasing funds from the Trust Fund for completed rehabilitation works. However, drawdown of funds under this framework will first require revaluation of the security following ERA's internal cost review, which is expected to occur after completion of the 2022 Feasibility Study in 2023. Given the expected increase in the cost of rehabilitating the Ranger Project Area, ERA may be required to provide additional security.

Under this new framework, ERA is entitled to submit a one-off interim payment request for the release from the Trust Fund of an amount representing a portion of the cost of rehabilitation works performed at Ranger between 8 January 2021 and 1 June 2022. An application for drawdown of $58 million was submitted on 26 August 2022 and a response from the Commonwealth is anticipated by the end of October. As such, ERA has recorded $58 million as a current asset.

ERA's ability to continue to access financial guarantees can be influenced by many factors, including potential future cash balance, cash flows and shareholder support. Issuers of the bank guarantees have certain pay and walk rights and the guarantees are subject to periodic reviews. Should the banks execute their pay and walk rights or ERA is unable to access bank guarantees, substantial additional cash would be required to indemnify the banks or be deposited into the Trust Fund. This is likely to have a material adverse effect on ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations.

Cash flows to/from the fund are considered to be advances to/from a third party and therefore disclosed under Investing activities when they occur.

The applicable weighted average interest rate for the year ended 30 June 2022 was 0.64 percent (31 December 2021: 0.30 per cent).

12 Events occurring after the reporting period

No other matters or circumstances has arisen since the end of the period that have significantly affected or may significantly affect the operations or state of affairs of the Company in subsequent financial years.

In the Directors' opinion:

(a) The interim financial statements and notes set out on pages 10 to 24 are in accordance with the *Corporations Act 2001* (Cth), including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements including Australian Accounting Standard AASB 134 Interim Financial Reporting; and
   (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Mr P Mansell
Chairman
Perth
29 August 2022

Independent Auditor's Review Report

To the shareholders of Energy Resources of Australia Ltd

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Energy Resources of Australia Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Energy Resources of Australia Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Balance sheet as at 30 June 2022.
- Statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date.
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The ***Interim Period*** is the 6 months ended on 30 June 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1a), "Going concern" in the Interim Financial Report. The events or conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Derek Meates
Partner

Perth

29 August 2022