



6 October 2022

## ERA interim funding update and resignation of the independent directors of ERA

Energy Resources of Australia Ltd (**ERA** or the **Company**) has today agreed to enter into an amended \$100 million loan agreement with Rio Tinto (**Revised Credit Facility**),<sup>1</sup> under which loans of a cumulative value of up to \$100 million can be made available to provide ERA with additional liquidity for the purpose of rehabilitating the Ranger Project Area.

The Revised Credit Facility has a maturity date of 31 March 2023 unless additional funds are raised before that, or unless extended by Rio Tinto. The maturity date is subject to deferral for ~3 months if ERA is unable to repay the loan at that time. The Revised Credit Facility provides ERA with additional time to negotiate and implement a future funding solution and offers additional assurance to the Company's stakeholders that rehabilitation of the Ranger Project Area will continue to be funded.

Amongst other negotiated matters, as part of the terms of the Revised Credit Facility, Rio Tinto has agreed:

- To amend the effective interest rate (which was previously six month BBSW plus 9% p.a.) to nil;
- in the event ERA is not able to repay the amounts owing under the Revised Credit Facility in full on or before the time described above, ERA and the lender must engage in good faith discussions to agree offer terms under which ERA would launch a pro-rata renounceable rights issue. The process to be followed is set out in key term 5 below; and
- to waive all of its rights in relation to a Review Event under the prior credit facility.

The amendments enable ERA to draw down funds from the Revised Credit Facility without any interest, subject to ERA satisfying the conditions precedent detailed in the Revised Credit Facility.

ERA has the option to terminate the Revised Credit Facility at any time and, as part of the repayment terms, the expectation is that ERA would repay any amounts drawn under the Revised Credit Facility through the proceeds of an equity raising.

A summary of key terms of the Revised Credit Facility is set out at the end of this announcement.

ERA's Independent Board Committee (**IBC**) was responsible for the evaluation, negotiation and approval of the Revised Credit Facility in accordance with the IBC's charter.

The IBC has determined that this transaction is prudent and in the best interests of the Company at this time, as it provides ERA with additional liquidity and time to negotiate and implement a future funding solution and undertake a board renewal process.

---

<sup>1</sup> See ERA ASX announcement dated 29 April 2016 for further information on the previous \$100 million loan agreement with Rio Tinto.



Following the agreement of the terms of the Revised Credit Facility, which provides a clear pathway to an interim funding solution, ERA's Chairman, Peter Mansell, and independent non-executive directors, Paul Dowd and Shane Charles (who comprise the IBC), have resigned from the board of ERA with immediate effect.

Before resigning, the IBC set out to ensure that:

1. inaccuracies in media reporting be corrected;
2. there be a clear pathway to the funding of the Ranger rehabilitation; and
3. minority shareholders be protected by an independent board member presence before the next fund raising take place. In that respect, before resigning from the Board, the IBC received an assurance from Rio Tinto that one or more independent directors would be appointed to the ERA Board before any further entitlement offer or funding solution was progressed, to ensure minority shareholder interests were appropriately represented.

The IBC is satisfied that its three requirements have been met. Following the resignation of the independent directors, Justin Carey has been appointed as the Interim Chairman of the ERA board.

### **Key terms of the Revised Credit Facility**

Key terms of the Revised Credit Facility are set out below.

1. The Revised Credit Facility has a maximum commitment of \$100 million.
2. ERA is able to terminate the Revised Credit Facility at any time (subject to repaying any outstanding loans). Rio Tinto may terminate the agreement if ERA:
  - (a) approves or makes any expenditure in relation to the Ranger 3 Deeps project without the consent of the lender, other than in relation to care and maintenance of the Ranger 3 Deeps exploration decline and certain other limited exceptions; or
  - (b) without the lender's approval incurs:
    - (i) capital expenditure or other similar expenditure related to a proposed investment or specific project in excess of \$5 million; and
    - (ii) financial commitments in excess of \$20 million related to, for example, purchase contracts pursued in the ordinary course of business.
3. Key conditions precedent for draw down under Revised Credit Facility include that:
  - (a) the Company has exhausted all cash reserves (except for cash that is required to be held on deposit with the Commonwealth Government in the Ranger Rehabilitation Trust Fund); and
  - (b) the Company is solvent at the time of drawdown.
4. All amounts owing under the Revised Credit Facility are repayable on the maturity date which is 31 March 2023 or, if ERA raises additional equity from shareholders, secures any additional debt funding or sells an asset before 31 March 2023, upon that event occurring. The repayment of any loans drawn would ultimately need to be satisfied through an alternate form of fundraising.

**ERA**

5. If ERA is not able to repay the amounts owing under the Revised Credit Facility in full on or before the time described in paragraph 4 above, ERA and the lender must engage in good faith discussions to agree offer terms under which ERA would launch a pro-rata renounceable rights issue (the structure and terms of which must be formulated by ERA in good faith to comply with applicable law, listing rules and, to the maximum extent practicable, applicable guidance issued by the Takeovers Panel and ASIC) to raise net proceeds equal to the amounts owing. If they do not so agree within 10 business days of commencing discussions, the parties will jointly instruct a reputable independent expert to determine a price, being the midpoint value in the valuation range provided by the expert in their report providing a valuation opinion of the fair value of the 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 ASIC Regulatory Guide 111), provided that the expert must be directed to:
- (a) have regard to the Mirarr's publicly stated position in relation to the future development of Jabiluka; and
  - (b) have no regard to any prior whole-of-company valuation prepared in respect of the Borrower, including a 'fair value' valuation.

In this event, the maturity date is extended until the date that is three months after the original maturity date or, if later, three months after the date on which the price is agreed or determined.

6. Upon reaching agreement on or determination of the price for the rights issue, the Borrower must promptly launch a pro-rata renounceable rights issue at the price per share so agreed or determined to raise net proceeds equal to the amounts owing under the Revised Credit Facility. The member companies of the Rio Tinto group that hold shares in ERA will be required to take up their full entitlements in the rights issue. ERA must ensure the proceeds of the rights issue are applied immediately upon receipt towards repayment of all outstanding amounts under the facility.
7. No interest (or equivalent) is payable on funds made available under the credit facility agreement. No termination fee is payable under the Revised Credit Facility.

In addition, if an event of default (defined in the Revised Credit Facility) occurs the lender may demand immediate repayment and cancel the remaining commitment. The Revised Credit Facility also contains representations, warranties and undertakings that are common for an agreement of its type, including undertakings not to issue shares other than pursuant to a pro rata rights issue, and not to enter into any joint venture.

No review event mechanism is contained in the Revised Credit Facility. As noted, the lender has agreed to waive any rights it may have had not to advance moneys under the facility on the basis of any prior "review event" that may have occurred.

This announcement was authorised by the Board.

**ERA**

For further information, please contact:

**Media**

Jessica Silvester  
ERA  
Mobile: +61 419 864 865  
Email: [Jessica.silvester@riotinto.com](mailto:Jessica.silvester@riotinto.com)

**Investor Relations**

Craig Sainsbury,  
Market Eye Pty Ltd  
Mobile: +61 428 550 499  
Email: [craig.sainsbury@marketeye.com.au](mailto:craig.sainsbury@marketeye.com.au)

**About Energy Resources of Australia Ltd**

Energy Resources of Australia Ltd (**ERA**) has been one of the nation's largest uranium producers and operated Australia's longest continually producing uranium mine.

The operations of ERA are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park. ERA respectfully acknowledges the Mirarr, Traditional Custodians of the land on which the Ranger mine is situated.

ERA has an excellent track record of reliably supplying customers. Uranium was mined and processed at Ranger for four decades. During that time, Ranger produced in excess of 132,000 tonnes of uranium oxide.

ERA's Ranger Project Area (100%) is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory. ERA holds title to the Jabiluka Mineral Lease (100%). ERA is a major employer in the Northern Territory and the Alligator Rivers Region.