



ASX Announcement

19 October 2022

September 2022 Quarter Operations Review and Business Update (unaudited)

- There were no sales in the September 2022 quarter following the sale of ERA's last drum of uranium oxide from the Ranger Project Area that concluded on 31 May 2022.
- Progressive rehabilitation of the Ranger Project Area continued during the quarter.
- The 2022 Rehabilitation Feasibility Study is underway and forecast to be completed by mid-2023 and will ultimately lead to a revised Mine Closure Plan.
- The Ranger Mine Closure Plan update was publicly released on the Company's website on 30 September 2022.
- Transition planning has commenced for the implementation of an Integrated Project Management Team (IPMT) in partnership with Bechtel to accelerate project execution and delivery capability.
- ERA released an independent valuation, to underpin a proposed interim entitlement offer, prepared by Grant Thornton an independent valuation expert.
- Post the end of the Quarter, the Company announced a Revised Credit Facility which 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.
- Post the end of the quarter, independent Non-executive Chair Mr Peter Mansell and independent Non-executive Directors Mr Paul Dowd and Mr Shane Charles resigned from the Board.



There were no sales in the September 2022 quarter following the sale of the last drum of uranium oxide produced at Ranger in May. A total of 532,895 pounds of uranium oxide was sold in 2022.

No mining production and development expenditure was incurred for the September 2022 quarter. Material expenditure during the quarter comprised approximately \$50.1 million in rehabilitation expenditure for the Ranger Project Area.

Payments to related parties and their associates in the September 2022 quarter totalled \$0.72 million (refer item 6.1 of Appendix 4C). This included Directors' compensation (\$0.41 million), consulting fees paid to Rio Tinto group companies (\$0.22 million) and other reimbursements paid for commercial services received from Rio Tinto group companies (\$0.09 million). All related party transactions that were conducted with Rio Tinto group companies were on arm's length terms and conditions and at market rates.

RANGER REHABILITATION UPDATES

Progressive rehabilitation of the Ranger Project Area continued during the quarter.

The capping of Pit 3 remains a critical path activity, including wicking. The Pit 3 Southern ramp upgrade to suit dual lane Caterpillar 785 haul trucks was completed during the quarter. The wicking barge has been mobilised to Pit 3 and assembly of the wicking rigs on the barge commenced. Wicking is scheduled to commence in mid-October 2022.

The Pit 3 Closure application based on the alternative methodology for the capping of Pit 3 was officially submitted on 7 April 2022, a major milestone for ERA. Work is progressing on a response to initial stakeholder feedback received in June 2022. ERA's Pit 3 Dry Capping Study is complete to feasibility level and the design engineer has been engaged for the execution of works.

The first of three Pit 3 brine injection directionally drilled well has been completed including casing. Good progress is being achieved on the second well. The wells allow brine that is extracted from process water to be permanently disposed in the Pit 3 underfill. Offsite fabrication of the headworks is underway and onsite pipework installation has commenced.

A Brine Squeezer Process water modification upgrade Design and Supply contract has been executed. Offsite fabrication and onsite civil works are progressing. This upgrade will allow treatment of process water from the Ranger Water Dam.

During the September 2022 quarter, the Jabiru housing refurbishment program continued to progress, including the replacement of a number of decramastic tiled rooves as part of the Commonwealth Governments re-roofing program. ERA is progressively working to transfer completed properties to enable tenanting by third parties. During the quarter, a further tranche of refurbished properties was transferred, and additional properties are complete and ready for transfer following final handover inspections.



2022 FEASIBILITY STUDY

In May 2022 ERA commenced a feasibility study in connection with a lower technical risk rehabilitation methodology (primarily relating to the subaerial capping of Pit 3) 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.

The 2022 Feasibility Study is expected to take approximately 12 months to complete and will ultimately lead to a further revision of the Mine Closure Plan being developed (completion expected mid next year). The 2022 Mine Closure Plan update provides an indicative sequence of major closure activities and estimates of future milestones, with an indicative closure sequence out to Quarter 4, 2028 provided.

ERA has also engaged Bechtel Australia Pty Ltd to assist with the 2022 Feasibility Study, with additional resources assigned to the project during the quarter. The 2022 Feasibility Study will utilise a structured trending program which Management will continue to monitor for significant cost and schedule changes.

MINE CLOSURE PLAN UPDATE

On 30 September, the Company publicly released an update to the Ranger Mine Closure Plan (**the Plan**). The 2022 Mine Closure Plan update is available to view on the ERA website: [2022 Mine Closure Plan](#).

This follows the first public release of the Plan in June 2018, and subsequent updates. The Plan is updated in accordance with regulatory requirements and in consultation with Traditional Owner representatives, regulators, and key stakeholders.

The Plan demonstrates ERA's ongoing commitment to rehabilitation and details an outline of what needs to be delivered to achieve world class rehabilitation.

ORGANISATIONAL CHANGE

In January 2022, Bechtel Australia Pty Ltd was engaged to review ERA's in-house project execution capability to manage and complete the rehabilitation and it identified improvement opportunities for ERA's consideration.

In response to the findings of the review, ERA commenced a number of initiatives to seek to strengthen its in-house project execution capability. An update on these initiatives are as follows:

- ERA is working towards the transition to a 'project-focused' model to improve execution, reporting and governance systems. Transition planning is underway and is focussing on five key project delivery areas including Health, Safety and Environment, Supply Chain, Engineering, Construction and Project Controls. The target go live date is Quarter 1 2023;
- a detailed project schedule incorporating the alternative lower technical risk Pit 3 capping methodology (i.e. subaerial) is being developed as part of the Feasibility Study;
- organisational redesign and engaging with industry partners to 'buy, borrow and build' required capabilities to accelerate the business transformation has



commenced;

- appointed a Study Director to lead the Feasibility Study work. The Study Director is an experienced study lead and has been seconded from Rio Tinto and will report to the Project Director once appointed; and
- recruitment for a Project Director, who will report directly to the Chief Executive Officer is expected to be finalised shortly.

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 to complete rehabilitation of the Ranger Project Area, a new s 41 Authority¹ is required, which first requires an amendment to the *Atomic Energy Act 1953 (Cth)*.

Gundjehmi 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 jointly supported 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.

On 8 September, The [Atomic Energy Amendment \(Mine Rehabilitation and Closure\) Bill 2022 \(the Bill\)](#) was introduced to the House of Representatives. A summary as per the Parliament of Australia website, states this Bill “*amends the Atomic Energy Act 1953 to enable the minister to: grant a new rehabilitation authority to the mine operator of the Ranger Uranium Mine for the purpose of authorising rehabilitation, remediation and monitoring operations; vary the existing authority, including to extend the period in which it is in force for the purposes of the rehabilitation of the site; and declare that the relevant authority is no longer in force for areas of the site where rehabilitation requirements have been satisfied.*”

The Bill is currently under review by a Parliamentary Committee which will provide a report by 23 November 2022. Once the Bill has been passed and receives Royal Assent and becomes an Act, ERA will be able to apply for a new s 41 Authority.

INTERIM FUNDING SOLUTION AND BOARD UPDATE

During and post the end of quarter, ERA made several updates to the market regarding an interim funding and Board composition, which can be viewed in full at: [ASX Announcements - Energy Resources of Australia](#).

On 28 July 2022, the Company announced it would appoint an independent valuation expert to determine the fair value of ERA. The Independent Board Committee (**IBC**) subsequently engaged Grant Thornton as an independent valuation expert in August 2022, supported by SRK as the independent mining technical specialist. The Grant

¹ 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.



Thornton Independent Expert report was released to ASX on 26 September 2022.

On 3 October 2022, ERA provided a response to media reporting and an update regarding the intentions of its independent Directors.

On 6 October 2022, the Company agreed to enter into an amended \$100 million loan agreement with Rio Tinto (**Revised Credit Facility**),² 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 terms of the Revised Credit Facility were set out in the ASX release on the 6 October 2022. 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.

Following the agreement of the terms of the Revised Credit Facility, the Company's IBC, comprising independent Directors Peter Mansell, Paul Dowd and Shane Charles resigned from the Board of ERA with immediate effect. Justin Carey has been appointed as the Interim Chair.

The IBC received an assurance from Rio Tinto that one or more new 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.

RANGER REHABILITATION COMMONWEALTH TRUST FUND ARRANGEMENTS

ERA has agreed to 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.

CORPORATE

Post the end of the quarter, on 6 October 2022, independent Non-executive Chair Mr Peter Mansell and independent Non-executive Directors Mr Paul Dowd and Mr Shane Charles resigned from the Board. The Company has commenced a process to seek replacement of the independent Directors and has engaged an experienced advisory firm to assist with identification and selection process.

² See ERA ASX announcement dated 29 April 2016 for further information on the previous \$100 million loan agreement with Rio Tinto.



ERA

EXPLORATION AND EVALUATION

No evaluation or exploration expenditure was incurred for the September 2022 quarter, in line with the June 2022 quarter.

This announcement has been authorised by the Board.

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.

After close of the Ranger Mine in 2021, ERA is now committed to creating a positive legacy and achieving world class, sustainable rehabilitation of former mine assets.

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

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 also holds title to the Jabiluka Mineral Lease (100%) and is a signatory to the Long Term Care and Maintenance Agreement over the Jabiluka Mineral Lease.

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