

ASX Announcement

25 January 2023

December 2022 Quarter Operations Review and Business Update (unaudited)

- There were no sales of uranium oxide in the December 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 Feasibility Study continued throughout the quarter and is forecast to be completed in September 2023 and will ultimately lead to a revised Mine Closure Plan.
- Amendments to the Atomic Energy Act passed on 24 November 2022, allowing ERA to apply to extend its existing Ranger authority beyond the current January 2026 deadline, to facilitate completion of rehabilitation of the Ranger Project Area.
- Implementation of an Integrated Project Management Team (IPMT) in partnership with Bechtel commenced in December 2022 and is expected to go live in the March 2023 quarter.
- ERA received an interim draw down of \$57 million from the Ranger Rehabilitation Trust Fund, approved by the Minister for Resources and Minister for Northern Australia.
- During the December 2022 quarter, ERA announced the appointment of two independent non-executive directors, Mr Richard Dennis and the Honourable Kenneth Wyatt AM.

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

No mining, production and development expenditure was incurred for the December 2022 quarter. Material expenditure during the quarter comprised approximately \$64 million in rehabilitation expenditure for the Ranger Project Area.

Payments to related parties and their associates in the December 2022 quarter totalled \$2.66 million (refer item 6.1 of Appendix 4C). This included Directors' compensation (\$0.20 million), consulting fees paid to Rio Tinto group companies (\$0.50 million) and other reimbursements paid for commercial services received from Rio Tinto group companies (\$1.96 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 and the Pit 3 Backfill approval application. Wicking commenced in November 2022 in the Eastern end of Pit 3 and is currently forecast to be completed in March 2023.

The Pit 3 Closure application based on the dry capping 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 has progressed to execution and the design engineer has been engaged and detailed design commenced.

The remaining two Pit 3 brine injection directionally drilled wells were completed in November including casing. The wells allow brine that is extracted from process water to be permanently disposed of in the Pit 3 underfill. Overland infrastructure is now complete, which includes pipework installation connected to injection wells, civil works and six ground monitoring bores. Full system commissioning is planned for February 2023.

A Brine Squeezer Process water modification upgrade continues including completion of offsite fabrication and construction of hardstand for the new facility. The site civil installation package has been awarded and early works commenced. This upgrade will allow treatment of process water from the Ranger Water Dam.

Treatment rates of process water through the Brine Concentrator were adversely impacted by plant reliability issues. ERA is working with the operator to put in place a sustainable recovery plan.

During the December 2022 quarter, the Jabiru housing refurbishment program continued to progress, including the replacement of several decramastic tiled roofs as part of the Commonwealth Government's 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 ready for transfer following final handover inspections.

The 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.

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 (dry) 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.

Scoping work and increased resourcing of the feasibility study continued with Bechtel's support throughout the quarter and the study is forecast to be completed in September 2023 and will ultimately lead to a further revision of the Mine Closure Plan being developed (completion expected mid next year).

ORGANISATIONAL CHANGE

In January 2022, Bechtel was engaged to review ERA's in-house project execution capability to manage and complete the rehabilitation.

Bechtel identified a number of improvement opportunities for ERA's consideration. In response to these findings, ERA commenced several initiatives to strengthen its in-house project execution capability:

- ERA's transition to a 'project-focused' model by implementing an Integrated Project Management Team (**IPMT**) with Bechtel to facilitate a fit-for-organisation with improved execution, reporting and governance systems. The transition to the IPMT commenced in December 2022 and is expected to go live in the March quarter 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 continued; and
- Project Director commenced on 24 October 2022 to oversee the execution of the Ranger Rehabilitation Project, reporting to the Chief Executive Officer.

EXTENSION OF THE EXPIRY DATE OF ERA'S TENURE ON THE RANGER PROJECT AREA

ERA does not expect 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 section 41 Authority¹ is required, which first requires an amendment to the *Atomic Energy Act 1953 (Cth)*.

On 24 November 2022, Parliament passed amendments to the Atomic Energy Act 1953, allowing additional time for ERA to complete the rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance. ERA has now commenced discussions to apply for a new section 41 authority.

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.

INTERIM FUNDING UPDATE

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 6 October 2022. The Revised Credit Facility provides a clear pathway to an interim funding solution, and work progressed on an interim entitlement offer with a target launch date of March 2023.

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. ERA may be required to provide additional security at that time.

In November 2022, ERA received an interim drawdown of \$57 million from the Ranger Rehabilitation Trust Fund for rehabilitation works completed to date. This was approved by the Minister for Resources and Minister for Northern Australia. The sum of \$482 million remains in the Ranger Rehabilitation Trust Fund. No further drawdown is expected until a revised security determination occurs following completion of the 2022 Feasibility Study.

CORPORATE

Following agreement of the Revised Credit Facility, the Independent Board Committee, comprising Peter Mansell, Shane Charles and Paul Dowd, resigned.

The ERA Independent Board Committee 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.

ERA announced the appointment of two independent non-executive directors, Mr Richard Dennis, and the Honourable Kenneth Wyatt AM in December 2022 quarter.

EXPLORATION AND EVALUATION

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

This announcement has been authorised by the Board.

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



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 remains committed to creating a positive legacy and achieving world class, sustainable rehabilitation of former mine assets. 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

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