Results for announcement to the market

Appendix 4E

Energy Resources of Australia Ltd

ABN 71 008 550 865

ASX Preliminary final report – 31 December 2022

Lodged with the ASX under Listing Rule 4.3A

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Results for announcement to the market

	Change		2022 $000	2021 $000
Revenue from sales of uranium	(81%)	To	35,555	190,347
Revenue from continuing operations	(72%)	To	55,309	201,007
Profit/(loss) from continuing operations after tax attributable to members	75%	To	(160,553)	(650,212)
Net Cash flow from operating activities	(287%)	To	(146,963)	(37,934)
Earnings before Interest, Tax, Depreciation and Amortisation	74%	To	(169,490)	(648,967)
EPS (cents)	75%	To	(4.3)	(17.6)

These financial results have been prepared in accordance with the Australian accounting standards.

Review of operations

Energy Resources of Australia Ltd (ERA or the Company) incurred negative cash flow from operating activities of $147 million in 2022 compared to negative $38 million in 2021.

Cash rehabilitation spend for the year end 31 December 2022 was $194 million[1] compared to $153 million[1] in 2021.

ERA held total cash resources of $561 million at 31 December 2022, comprised of $75 million in cash at bank (net of overdrafts) and $486 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt and $126m in bank guarantees[2].

ERA recorded a net loss before tax and rehabilitation adjustment of $98 million for 2022 compared to a net profit before tax and rehabilitation adjustment of $21 million in 2021. The net loss after tax was $161 million for 2022 compared to a net loss after tax of $650 million in 2021. The 2022 net loss was adversely impacted by reduced sales volumes and increases to the rehabilitation provision through higher non-cash discount unwind and an adjustment to the rehabilitation provision estimate. The 2021 net loss was adversely impacted by an increase to the rehabilitation provision following completion of a rehabilitation major reforecast. Favourable impacts were seen from lower operating costs as a result of the cessation of uranium oxide processing operations in January 2021 and reduced sales costs as a result of the completion of all sales of remaining uranium inventories.

As at 31 December 2022, a revision of the rehabilitation provision cost estimate occurred resulting in an unfavourable adjustment of $62 million compared to an unfavourable adjustment of $668 million in 2021.

[1] Excludes utilisation of lease costs (2021: $1 million) (2022: $nil).
[2] $125 million related to Ranger Project Area and $1 million related to Jabiluka.

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Revenue from the sale of uranium oxide was $36 million (2021: $190 million). With the completion of contracted sales in 2021, all sales of remaining uranium oxide inventories were through the spot market. Sales volume for 2022 was 242 tonnes compared with 1,302 tonnes for 2021. In 2022, ERA completed sales of all remaining uranium oxide inventories. The average realised sales price for 2022 was US$48.88 per pound compared to US$47.17 per pound in 2021.

Interest income for 2022 was $9.3 million, compared to $1.9 million for 2021. The weighted average interest rate received on term deposit for the period was 1.53 per cent (2021: 0.30 per cent).

Cash costs for 2022 were lower than the corresponding period in 2021. This was mainly driven by the cessation of uranium oxide processing in January 2021 and move to full scale rehabilitation. In addition, lower sales in 2022 resulted in lower royalties and selling costs. Operating costs are now those of a corporate nature. Following a sharp decline in the crude oil price in 2020, with a corresponding decrease in gasoil (or diesel), ERA entered into gasoil swap contracts to lock in prices considered to be favourable. In 2022, ERA received $6.8 million from settled gasoil swaps compared to $7.4 million in 2021. All gasoil swaps are now settled.

Rehabilitation

At 31 December 2022, the ERA rehabilitation provision was $1,225 million[3]. During 2022, ERA incurred expenditure of $194 million on rehabilitation activities.

In 2022, ERA recorded an increase to the closure provision estimate of $62 million. This largely related to further development of the Pit 3 capping methodology, higher input costs and additional project management capability.

Progressive rehabilitation of the Ranger Project Area has continued during 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 Pit 3 wicking installation, which is scheduled to be completed in early 2023.

Three new Pit 3 brine injection directionally drilled wells were completed in November 2022 including casing. The wells allow brine that is extracted from process water to be permanently disposed of in the Pit 3 underfill.

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

Other key rehabilitation activities continued including preparation for the Brine Squeezer process water modification as well as ongoing water treatment. Treatment rates of process water through the Brine Concentrator were adversely impacted by plant reliability issues resulting in production rates falling below design criteria volumes. ERA is working with the operator to put in place a sustainable recovery plan.

[3] 31 December 2022 provision discounted at 1.5% per cent. This equates to an estimated $1,320 million in undiscounted nominal terms or $1,275 million in undiscounted real terms. Refer to page 15.

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ERA's Jabiru housing refurbishment program continues to progress, including the replacement of several decramastic tiled roofs as part of the Commonwealth Governments re-roofing program. ERA is progressively working with Gundjeihmi Aboriginal Corporation Jabiru Town (GACJT) and Jabiru Kabolkmakmen Ltd (JKL) for the transfer of properties to enable tenanting by third parties.

2022 Feasibility Study

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[4]) 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 progressed during the year with Bechtel's support. The 2022 Feasibility Study is expected to be completed in September 2023 and will ultimately lead to a revised Mine Closure Plan being developed.

As previously announced in February 2022, the preliminary findings of ERA's reforecast exercise **(Reforecast)** 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. The revised estimates, as to both cost and schedule, were based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the 2020 Mine Closure Plan. Approximately $524 million of the total cost of completing the rehabilitation of the Ranger Project Area was spent from 1 January 2019 to 31 December 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 January 2026 deadline for completing the rehabilitation of the Ranger Project Area.(5)

Table 1: Summary of cost differences between the 2019 Feasibility Study and the preliminary findings of the Reforecast using the subaqueous capping method. (3)

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

[5] As noted below, amendments to the *Atomic Energy Act 1953* were passed on 24 November 2022, allowing additional time for ERA to complete the world class rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance, subject to obtaining a new section 41 authority. ERA has commenced discussions with key stakeholders to apply for a new section 41 authority.

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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	$244m	• 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	$67m	• 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	$123m	• 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	$66m	• 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	$17m	• 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**	**$524m**	*(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 31 December 2022; (5) Including an allowance of $1 million in relation to the estimated cost of Jabiluka Mineral Lease rehabilitation expense.

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 implemented several initiatives to seek 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's support to facilitate a fit-for-organisation with improved execution, reporting and governance systems. The transition to the IPMT commenced in December 2022;
- 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;

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- Organisational redesign and engaging with industry partners to 'buy, borrow and build' required capabilities to accelerate the business transformation; 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 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 section 41 Authority[6] is required, which first required an amendment to the Atomic Energy Act 1953 (Cth).

The Gundjeihmi Aboriginal Corporation (**GAC**), Northern Land Council (**NLC**), and ERA worked collaboratively with relevant Government departments on the rehabilitation of the Ranger Project Area and the amendment to the *Atomic Energy Act*.

On 24 November 2022, Parliament passed amendments to the Atomic Energy Act 1953, allowing additional time for ERA to complete the world class rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance.

ERA has commenced discussions with key stakeholders to apply for a new section 41 authority.

Corporate / 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),[7] 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 key terms of the Revised Credit Facility were summarised in the ASX release on 6 October 2022.

Following agreement of the Revised Credit Facility, the former Independent Board Committee (**IBC**), comprising Peter Mansell, Shane Charles and Paul Dowd, resigned in October 2022.

This IBC received an assurance from Rio Tinto that one or more independent directors would be appointed to the ERA Board before any funding solution was progressed, to ensure minority shareholder interests were appropriately represented.

Subsequent to this, ERA announced the appointment of two independent non-executive directors, Mr Richard Dennis and the Honourable Kenneth Wyatt AM in the December 2022 quarter and the appointment of the third independent non-executive director, Mr Stuart Glenn in February 2023, to re-establish the Independent Board Committee. Mr Dennis was also appointed Independent Non-Executive Chair of ERA in January 2023. Following these appointments, ERA commenced discussions in relation to the Company's funding requirements. Work has progressed on funding solutions, including work on a possible interim entitlement offer with a target launch in March 2023. ERA has appointed Highbury Partnership

[6] 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.
[7] See ERA ASX announcement dated 29 April 2016 for further information on the previous $100 million loan agreement with Rio Tinto.

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as financial adviser to the Independent Board Committee, Herbert Smith Freehills as legal adviser to the Independent Board Committee and Ashurst as legal adviser to the Company.

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.

In addition to an authorisation to mine Ranger 3 Deeps, the project would need to be economically viable 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. In August 2021, ERA 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.

Outlook

ERA's purpose is to create a positive legacy and achieve world-class, sustainable rehabilitation of former mine assets.

The Ranger Rehabilitation Project is unique in that it is rehabilitating land in one of the world's most culturally and environmentally sensitive locations, surrounded by the World Heritage listed Kakadu National Park on the land of the Mirarr Traditional Owners.

The strategic priority of ERA continues to be the comprehensive rehabilitation of the Ranger Project Area in accordance with our obligations so that it can be reincorporated into the surrounding Kakadu National Park if Traditional Owners wish.

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

- Secure a suitable funding option to meet future rehabilitation obligations;
- Continue with progressive rehabilitation of the Ranger Project Area;
- Complete the 2022 Feasibility Study;
- Finalise implementation of a number of initiatives to strengthen project execution capability;
- Progress negotiations to extend the existing Ranger authority beyond January 2026 deadline; and,
- Preserve the company's undeveloped resources.

Dividends

ERA has decided not to declare a final dividend for the 2022 financial year. No final dividend was paid in respect to the 2021 financial year.

Exploration

There was no exploration expenditure for the year ended 2022.

Preliminary statement of comprehensive income

	2022 $'000	2021 $'000
Revenue from continuing operations	55,309	201,007
Changes in inventories	(22,524)	(119,673)
Materials and consumables used	(235)	(1,618)
Employee benefits and contractor expenses	(15,918)	(21,821)
Government and other royalties	(1,936)	(9,891)
Commission and shipping expenses	(56)	(2,585)
Depreciation and amortisation expenses	(312)	(354)
Changes in rehabilitation provision	(62,157)	(668,149)
Financing costs	(106,467)	(19,529)
Statutory and corporate expense	(6,009)	(4,158)
Other expenses	(248)	(624)
Loss before income tax	**(160,553)**	**(647,395)**
Income tax (expense)/benefit	-	(2,817)
Loss for the year	**(160,553)**	**(650,212)**
Other comprehensive loss for the 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	-	(9,391)
Income tax relating to components of other comprehensive income	-	2,817
Other comprehensive loss for the year, net of tax	-	**(6,574)**
Total comprehensive loss for the year	**(160,553)**	**(656,786)**
Loss is attributable to:		
Owners of Energy Resources of Australia Ltd	**(160,553)**	**(650,212)**
Total comprehensive loss for the year is attributable to:		
Owners of Energy Resources of Australia Ltd	**(160,553)**	**(656,786)**

Preliminary balance sheet

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	87,116	163,872
Trade and other receivables	4,678	33,375
Inventories	8,059	29,613
Government security receivable	-	65,400
Derivative financial instruments	-	3,451
Other	2,924	829
Total current assets	102,777	296,540
Non-current assets		
Undeveloped properties	89,856	89,856
Property, plant and equipment	951	92
Government security receivable	486,187	469,442
Total non-current assets	**576,994**	**559,390**
Total assets	**679,771**	**855,930**
Current liabilities		
Temporary bank overdraft	12,253	-
Trade and other payables	33,699	36,803
Lease liabilities	284	93
Provisions	279,783	232,732
Total current liabilities	**326,019**	**269,628**
Non-current liabilities		
Lease liabilities	681	-
Provisions	956,728	1,028,724
Total non-current liabilities	**957,409**	**1,028,724**
Total liabilities	**1,283,428**	**1,298,352**
Net deficit	**(603,657)**	**(442,422)**
Equity		
Contributed equity	1,177,656	1,177,656
Reserves	387,912	388,594
Accumulated losses	(2,169,225)	(2,008,672)
Total deficit	**(603,657)**	**(442,422)**

Preliminary statement of changes in equity

	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 year	-	-	(650,212)	(650,212)
Other comprehensive loss	-	(6,574)	-	(6,574)
Total comprehensive loss for the year	**-**	**(6,574)**	**(650,212)**	**(656,786)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction cost	-	-	-	-
Employee share options - value of employee services	-	(215)	-	(215)
	-	(215)	-	(215)
Balance at 31 December 2021	**1,177,656**	**388,594**	**(2,008,672)**	**(442,422)**
Loss for the year	-	-	(160,553)	(160,553)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(160,553)**	**(160,553)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction cost	**-**	**-**	**-**	**-**
Employee share options - value of employee services	-	(682)	-	(682)
	-	(682)	-	(682)
Balance at 31 December 2022	**1,177,656**	**387,912**	**(2,169,225)**	**(603,657)**

Preliminary statement of cash flows

	2022 $'000 inflows/ (outflows)	2021 $'000 inflows/ (outflows)
Cash flow from operating activities		
Receipts from customers	75,488	194,155
Payments to suppliers and employees	(28,750)	(78,552)
	46,738	**115,603**
Payments for rehabilitation	(194,190)	(153,149)
Interest received	1,133	343
Financing costs paid	(644)	(731)
Net cash inflow/(outflow) from operating activities	**(146,963)**	**(37,934)**
Cash flow from investing activities		
Payments for property, plant and equipment	(227)	(43)
Proceeds from sale of property, plant and equipment	2,725	-
Proceeds from government security receivable	56,778	-
Net cash inflow/(outflow) from investing activities	**59,276**	**(43)**
Cash flow from financing activities		
Temporary bank overdraft	12,253	-
Employee share option payments	(1,009)	(835)
Payment of lease liabilities	(300)	(1,677)
Net cash inflow/(outflow) from financing activities	**10,944**	**(2,512)**
Net increase/(decrease) in cash held	(76,743)	(40,489)
Cash at the beginning of the financial year	163,872	204,350
Effects of exchange rate changes on cash	(13)	11
Cash at the end of the financial year	**87,116**	**163,872**

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Inventories	**2022 $'000**	**2021 $'000**
Inventories - current		
Stores and spares	8,059	7,089
Finished product U_3O_8 at cost	-	22,524
Total current inventory	8,059	29,613

Inventories are carried at the lower of cost or net realisable value in accordance with AASB 102.

Financial instruments	**2022 $'000**	**2021 $'000**
Financial assets – current		
Forward exchange contracts	-	-
Gasoil swap contracts	-	3,451
Total Current Financial assets	-	3,451

Financial instruments
Financial assets and financial liabilities are recognised in ERA's Balance Sheet when ERA becomes a party to the contractual provisions of the instrument.

In 2020, ERA 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.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

US Dollar forward foreign exchange contracts
ERA designates forward exchange contracts as hedging instruments in the form of cash flow hedges.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to 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:

	2022 $'000	2021 $'000
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	-	-

No cashflow hedges remain outstanding at 31 December 2022.

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

The Gasoil swap contracts are measured at fair value on a recurring basis using a Discounted Cash Flows methodology. The contracts are valued, using market quoted forward exchange rates as inputs and when material discounted based on applicable yield curves derived from market quoted interest rates.

No gasoil swap contracts remain outstanding at 31 December 2022.

Provisions	**2022 $'000**	**2021 $'000**
Provisions - current		
Employee benefits	11,198	9,834
Rehabilitation	268,585	222,898
Total current provisions	279,783	232,732
Movement in current rehabilitation provision		
Carrying value at the start of the year	222,898	162,928
Payments	(194,190)	(153,149)
Right of Use assets depreciation	-	(1,227)
Transfers from non-current provisions	239,877	214,346
Carrying amount at the end of the year	268,585	222,898
Provisions – non-current		
Employee benefits	653	753
Rehabilitation	956,075	1,027,971
Total non-current provisions	956,728	1,028,724
Movement in non-current rehabilitation provision		
Carrying value at the start of the year	1,027,971	555,371
Unwind of discount	105,824	18,797
Change in estimate	62,157	668,149
Transfers to current provisions	(239,877)	(214,346)
Carrying amount at the end of the year	956,075	1,027,971

Employee Benefits

Following ERA's decision to strengthen project execution capability through the implementation of an Integrated Project Management Team (IPMT) in partnership with Bechtel, there has been a change to the Company workforce, triggering certain termination benefits. The total provision recognised in line with Australian Accounting Standards is $1.5 million and is based on expected acceptance of redundancy packages following conversations held with employees impacted by the transition to the IPMT on 9 January 2023 and includes provision for severance payable until 31 March 2023. This is a current liability based on the balance being payable within one year.

Management continues to work with impacted employees to finalise redundancy packages and cessation dates to ensure a smooth transition to the IPMT. Potential termination payments beyond March 2023 are yet to be recognised due to the level of uncertainty regarding quantum and timing.

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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 31 December 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. This followed on from the 2019 Feasibility Study which expanded on the earlier prefeasibility study completed in 2011. The reforecast continued into early 2022, including an external evaluation of the preliminary findings, which were reflected in the 2021 Rehabilitation provision. 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 2020 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). Approximately $524 million of the total cost of completing the rehabilitation of the Ranger Project Area was spent from 1 January 2019 to 31 December 2022; 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 2020 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. In addition, ERA has continued to see the rehabilitation project exposed to challenging conditions, including tight labour market conditions, supply chain constraints and inflationary pressures being experienced across the broader industry. These impacts, as far as currently known, have been considered in the estimate. This has resulted in an increase to the provision of $62 million that has been recorded in the Statement of Comprehensive Income.

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 give a closure provision. The estimated closure provision at 31 December 2022, excluding unrecognised employee termination benefits and including an allowance of $1 million for Jabiluka rehabilitation is $1,225 million.

Progressive rehabilitation of the Ranger Project Area has continued during 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 then completed. Following this wicking of Pit 3 began in late 2022 and is forecast to be completed in March 2023, which will allow Pit 3 capping to commence in 2023. The Pit 3 capping application based on the dry capping methodology for the capping of Pit 3 was officially submitted in April 2022, a major milestone for ERA. Work is progressing on a response to initial stakeholder feedback received. ERA's Pit 3 dry capping study has progressed to execution and the design engineer has been engaged and detailed design commenced.

Additional information for announcement to the market

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

Other key rehabilitation activities continued including: drilling of additional brine injection wells to aid salt disposal, Brine Squeezer process water modification as well as ongoing water treatment. Treatment rates of process water through the Brine Concentrator were adversely impacted by plant reliability issues resulting in production rates falling below design criteria volumes.

Major activities to complete the rehabilitation plan include bulk material movements, water treatment, demolition and revegetation. Major cost sensitivities include Pit 3 capping, material movements and water treatment.

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 September 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 for 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 commenced. 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 the installation of 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 are 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 due to be completed in September 2023.

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.

Additional information for announcement to the market

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.

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 could impact the estimate, including: rehabilitation time frames, 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 31 December 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.

Share capital	**2022 ’000**	**2021 ’000**
A Class shares fully paid		
Share capital at the start of the year (#)	3,691,383	3,691,383
Share capital at the end of the financial year (#)	3,691,383	3,691,383
Total contributed equity		
Contributed equity at the end of the year ($)	1,177,656	1,177,656

Accumulated losses	**2022 $’000**	**2021 $’000**
Accumulated losses at the beginning of the financial year	(2,008,672)	(1,358,460)
Net profit/(loss) attributable to members of Energy Resources of Australia Ltd	(160,553)	(650,212)
Accumulated losses at the end of the financial year	(2,169,225)	(2,008,672)

Additional information for announcement to the market

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 31 December 2022 the property, plant and equipment in the Ranger CGU continues to be fully impaired. When capital expenditure is incurred it is immediately expensed to the Statement of Comprehensive Income. For the year ended 31 December 2022, $0.23 million in capital expenditure was expensed.

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, Mineral lease extension, operating and capital estimates, discount rate, project progression and Traditional Owner relationships.

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 was 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. An impairment of $90m was recorded in 2018.

The valuation of the Jabiluka Mineral Lease requires a high degree of judgment. To determine the fair value, ERA has historically used 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. These results have historically been cross checked against market valuations of other undeveloped mining projects in the uranium industry and the broader mining sector, including market valuations of mining assets subject to long term approval constraints.

ERA regularly reviews and updates these assumptions and assesses potential impairment indicators and impairment reversal indicators. In December 2022, 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:

- The value attributed to the Jabiluka Undeveloped Property as part of the recent ERA Independent Valuation conducted as part of the proposed Ranger rehabilitation funding solution; and
- Negative stakeholder sentiment and statements around the eventual development of Jabiluka, as a result of the ERA Independent Valuation; including impacts on the probability and timing of development and ongoing stakeholder relations.

Additional information for announcement to the market

In August 2022, ERA engaged an independent expert (**Grant Thornton**) to provide an independent valuation of the Company aiming at determining an appropriate entitlement offer price for the interim entitlement offer that was proposed during 2022 (**Interim Entitlement Offer**). On 26 September 2022 the Independent Valuation Report prepared by Grant Thornton was released, assigning a value of between $982 million and $1,284 million to the Jabiluka Undeveloped Property.

Having regard to the views of Grant Thornton around the potential value of Jabiluka and the opposing statements from the Traditional Owners, which are not new, ERA does not believe that there is sufficient compelling evidence to change the likelihood of the development of Jabiluka.

Other factors that were considered include:

- Uranium price changes based on market analysis from reputable 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; and
- Applicable discount rate.

The review of these factors did not identify any material changes that would warrant a full impairment or impairment reversal review to be conducted. As a result, the carrying value of the Jabiluka Undeveloped Property remains at $90 million.

Further, ERA hold the view that the critical determinants of the value of Jabiluka include:

- The Long-Term care and Maintenance Agreement, signed with the Northern Land Council and Traditional Owners;
- A better understanding of the cultural landscape of MLN1, and,
- A renewal of the MLN1 lease before August 2024.

Management considered that until this work is completed no reversal of prior impairment was warranted.

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 (August 2024) and development delays.

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

Taxation

ERA has approximately $293 million 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 regards 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.

Additional information for announcement to the market

Liquidity

ERA's objectives when managing capital are to safeguard ERA'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 increase in the rehabilitation estimate in 2021 and 2022 and ERA's available cash on hand, during 2022 ERA undertook preparations to launch an entitlement offer. 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 terms proposed by the then IBC.

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 in order to 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). This would then help determine the offer price of the Interim Entitlement Offer.

In August 2022 the IBC engaged Grant Thornton to determine the fair value of ERA and as subsequently announced on 26 September 2022 this resulted in a valuation range of between $0.159 and $0.243 per share. Rio Tinto continued to express a view that this did not reflect their view of value.

On 6 October 2022, ERA agreed to enter into an amended $100 million loan agreement with Rio Tinto (Revised Credit Facility), 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 approximately three months if ERA is unable to repay the loan at that time.

Following the agreement of the terms of the Revised Credit Facility, which provided a clear pathway to an interim funding solution, ERA's then Chairman, Peter Mansell, and the independent non-executive directors at the time, Paul Dowd and Shane Charles (who comprise the IBC), resigned from the board of ERA on 6 October 2022.

In early 2023, as noted above, the IBC was re-established following the appointment of three independent non-executive directors.

Work has progressed on funding solutions, including work on a possible interim entitlement offer with a target launch in March 2023 to provide sufficient funding to enable rehabilitation to continue until Q1 2024. ERA has appointed Highbury Partnership as financial adviser, Herbert Smith Freehills as legal adviser to the Independent Board Committee and Ashurst as legal adviser to the Company.

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The Board notes Rio Tinto's 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. Given this, and ongoing engagement, the Board considers that Rio Tinto subscribing for its full pro rata share of its entitlements in an interim entitlement offer, 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 an interim entitlement offer (at an agreed price) would ensure that funding required for the rehabilitation of the Ranger Project Area until Q1 2024 is successfully raised.

Following the completion of the 2022 Feasibility Study, during 2023, subject to successfully executing an interim funding solution to fund expenditure to Q1 2024, ERA will be in a position to determine a longer-term rehabilitation funding solution. At that stage, ERA will engage with Rio Tinto and other shareholders to potentially finalise a funding solution in early 2024. An inability to obtain sufficient funding would have a material impact on ERA's business, financial performance and assessment as a going concern. Rio Tinto has reiterated its commitment to ensuring 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.

As at 31 December 2022, ERA had no debt and $561 million in total cash resources (comprising $75 million in cash at bank (net of overdrafts) and $486 million invested as part of the government security receivable).

The Company has announced plans for a possible interim entitlement offer with a target launch in March 2023. In line with the current rehabilitation plan and in the absence of the interim entitlement offer, ERA's cash at bank and undrawn loan facility is expected to be exhausted in Q2 2023.

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 31 December 2022, ERA had $486 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 deposits and 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), and subsequently reduced for an interim payment of $57 million for rehabilitation works completed from 8 January 2021 to 1 June 2022.

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

Additional information for announcement to the market

September 2023. Given the expected increase in the cost of rehabilitating the Ranger Project Area, ERA may be required to provide additional security or funds in the Trust Fund.

Under this new framework, ERA was 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. As a result of this $57 million was received in November 2022.

ERA does not consider that it can rely upon drawdown of any further cash from the Trust Fund before the internal cost review is completed, which is expected to be in September 2023.

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 should ERA be 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 31 December 2022 was 1.53 per cent (31 December 2021: 0.30 per cent).

Net Tangible Asset Backing	**2022 $**	**2021 $**
Net tangible asset backing per ordinary share	(0.16)	(0.12)

Audit

This report is based on accounts which are in the process of being audited. As noted in the liquidity section of the announcement there is disclosure of a material impact on the assessment of going concern. Accordingly, it is likely the 31 December 2022 financial report, when audited, will contain an independent auditor's report which includes a material uncertainty related to going concern paragraph.