

ASX Announcement

26 April 2023

March 2023 Quarter Operations Review and Business Update (unaudited)

- Progressive rehabilitation of the Ranger Project Area continued during the quarter.
- As announced on 4 April 2023, ERA is undertaking a non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares to raise up to \$369 million. The proceeds from the offer are expected to provide ERA with sufficient cash to fund the Ranger Project Area rehabilitation expenditure to the end of Q2 2024, repay the Rio Tinto Credit Facility and fund costs of the offer.
- 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.
- ERA is working collaboratively with Gundjeihmi Aboriginal Corporation, the Northern Land Council (NLC), and relevant Government departments to progress a new section 41 Authority (and associated agreements) to extend its existing Ranger authority beyond the current January 2026 deadline, to facilitate completion of rehabilitation of the Ranger Project Area.
- In December 2022, ERA commenced implementation of an Integrated Project Management Team (IPMT) with Bechtel's support to facilitate a fit-for-purpose organisation with improved execution, reporting and governance systems. The transition to the IPMT was largely completed in the March 2023 quarter.
- During the quarter, ERA received drawdown of \$100 million from Rio Tinto under the Revised Credit Facility entered into with Rio Tinto as announced to the ASX in October 2022.
- During the quarter, ERA announced the appointment of a third independent non-executive director, Mr Stuart Glenn and the re-establishment of the Independent Board Committee (IBC) with membership comprising Mr Rick Dennis (Chair), the Hon Ken Wyatt and Mr Stuart Glenn.

RANGER REHABILITATION UPDATES

Progressive rehabilitation of the Ranger Project Area continued during the quarter. No mining, production and development expenditure was incurred for the March 2023 quarter. Material expenditure during the quarter comprised approximately \$60 million in rehabilitation expenditure for the Ranger Project Area.

All injury frequency rate remains at 0.00 for the quarter (rolling 0.00).

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 the final wick was installed on 9 April 2023. As at 31 March 2023, 94% of wicks have been placed. Dry out of the wicked zone has commenced.

Following the Pit 3 capping application submitted in 2022, that was based on the dry capping methodology for the capping of Pit 3, work continues to progress the 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 is progressing. The scientific studies to address the stakeholder feedback, including groundwater modelling, are also progressing. The Pit 3 application remains a critical path activity and is expected to reach final approval in 2023.

The new brine injection system, comprising three directionally drilled wells, overland infrastructure and six ground monitoring bores was completed in February 2023. Commissioning of the full system commenced in early March with successful operations throughout March. Key stakeholder approval was obtained prior to successfully injecting process water and brines into Pit 3 underfill on 6 March 2023. The system will ensure that the brine extracted from process water is permanently disposed in the Pit 3 underfill in an environmentally sound manner. ERA has invested over \$14 million and two years in the engineering, construction, and successful commissioning of this asset.

Brine Squeezer Process water modification upgrade work is progressing and field construction has commenced. Overland pipelines have been completed and civil works are largely complete. Equipment deliveries are in progress with structural, mechanical and piping construction expected to commence in April, while electrical and instrumentation will follow in late April to June with commissioning of the plant expected to start in July 2023. This upgrade will allow additional treatment of process water from the Ranger Water Dam.

Treatment rates of process water through the Brine Concentrator increased during the quarter with improved production rates leading to the achievement of forecast rates for the quarter. Preventative maintenance on key components being the pre-heater plate exchangers and fan speed trials have contributed to this production improvement and further work is currently being undertaken to deliver sustained operational improvements.

During the March 2023 quarter, the Jabiru housing refurbishment program continued, including the replacement of several end-of-life cement tile roofs. Demolition and landform works were completed on five properties. ERA is progressively working to transfer completed properties to enable tenancing by third parties. During the quarter, a further tranche of residential properties were refurbished and transferred, with additional properties completed and ready for final handover inspections.

The project continues to be exposed to challenging conditions, including the tight labour market, 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)¹ and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost, and schedule (**2022 Feasibility Study**).

The 2022 Feasibility Study is forecast to be completed in September 2023 and will ultimately lead to a further revision of the current Mine Closure Plan in 2024.

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 including the establishment of an Integrated Project Management Team (**IPMT**) with Bechtel's support to facilitate a fit-for-purpose organisation with improved execution, reporting and governance systems. The transition to the IPMT commenced in December 2022 and was largely completed during the March 2023 quarter.

EXTENSION OF SECTION 41 AUTHORITY BEYOND JANUARY 2026

ERA does not expect to be able to meet its original 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 Authority² is required, which first requires an amendment to the *Atomic Energy Act 1953 (Cth)* (**Atomic Energy Act**).

Amendments to the Atomic Energy Act were passed on 24 November 2022, allowing additional time for ERA to complete the rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance (subject to obtaining a new section 41 Authority).

ERA has commenced discussions on a new section 41 Authority and is working collaboratively with Gundjeihmi Aboriginal Corporation, the Northern Land Council (**NLC**), and relevant Government departments to progress this application and associated agreements, which ERA will continue to progress throughout 2023.

INTERIM FUNDING UPDATE

As announced on 6 October 2022, the Company agreed to enter into an amended \$100 million loan agreement with Rio Tinto (**Revised Credit Facility**),³ 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.

ERA has drawn down \$100 million of the Revised Credit Facility, as announced on 27 March 2023. Under the Revised Credit Facility agreement, ERA must repay the principal outstanding amount of \$100 million when a liquidity event such as the Interim

¹ In essence, the subaerial methodology involves Pit 3 drying and being capped subaerially (i.e., not under water)

² The section 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.

³ See ERA ASX announcement dated 29 April 2016 for further information on the previous \$100 million loan agreement with Rio Tinto.

Entitlement Offer occurs.

ERA announced on 4 April 2023 that the Company is undertaking a 5 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares to raise up to \$369 million (**Interim Entitlement Offer**). The Interim Entitlement Offer opened on 13 April and will close on 5 May 2023 (unless extended by the Company).

The proceeds from the offer are expected to provide ERA with sufficient cash to fund planned Ranger Project Area rehabilitation expenditure to the end of Q2 2024, repay the Revised Credit Facility of \$100 million and fund costs of the Interim Entitlement Offer.

Furthermore, ERA will use existing cash at bank (net of overdrafts) and relevant net interest received to fund its planned Ranger Project Area rehabilitation expenditure to the end of Q2 2024, fund corporate costs, working capital, funding costs and other costs and fund holding costs and the intended renewal of the Jabiluka Mineral Lease (including upholding obligations under the Jabiluka Long Term Care and Maintenance Agreement).

ERA has secured binding pre-commitments from Rio Tinto, Packer & Co and Zentree Investments Limited who have committed to subscribe for \$355 million in total. Rio Tinto's voting power could increase to up to 89.1% in ERA following completion of the Interim Entitlement Offer.⁴

The Interim Entitlement Offer is an interim funding solution for the Company, with further funding expected to be required by ERA in 2024 for the balance of the required Ranger Project Area rehabilitation expenditure.

CORPORATE

ERA announced the appointment of a third independent non-executive director, Mr Stuart Glenn in the March 2023 quarter.

Following the recent appointments of independent Non-executive Directors Mr Rick Dennis (Chair), the Hon Ken Wyatt and Mr Stuart Glenn, on 31 January 2023, the Board resolved to re-establish the Independent Board Committee (IBC), with membership comprising Mr Rick Dennis (Chair), the Hon Ken Wyatt and Mr Stuart Glenn.

Payments to related parties and their associates in the March 2023 quarter totalled \$1.74 million (refer item 6.1 of Appendix 4C). This included Directors' compensation (\$0.42 million), consulting fees paid to Rio Tinto group companies (\$0.37 million) and other reimbursements paid for commercial services received from Rio Tinto group companies (\$0.95 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.

EXPLORATION AND EVALUATION

No evaluation or exploration expenditure was incurred for the March 2023 quarter, in line with the December 2022 quarter.

This announcement has been authorised by the Board.

⁴ This takes into account the binding pre-commitments and assumes that no other shareholders (other than those who have pre-committed) participate and Shortfall Shares are not taken up.

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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