Results for announcement to the market

Appendix 4E

Energy Resources of Australia Ltd

ABN 71 008 550 865

ASX Preliminary final report – 31 December 2023

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for announcement to the market

	Change		2023 $000	2022 $000
Revenue from sales of uranium	(100%)	To	-	35,555
Revenue from continuing operations	(38%)	To	34,182	55,309
Profit/(loss) from continuing operations after tax attributable to members	(765%)	To	(1,388,094)	(160,553)
Net Cash flow from operating activities	(52%)	To	(223,246)	(146,963)
Earnings before Interest, Tax, Depreciation and Amortisation[1]	(738%)	To	(1,420,040)	(169,490)
EPS (cents)	(0%)	To	(4.3)	(4.3)

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 $223 million in 2023 compared to negative cash flows of $147 million in 2022.

Rehabilitation spend for the year ended 31 December 2023 was $211 million compared to $194 million in 2022.

ERA held total cash resources of $726 million as at 31 December 2023, comprised of $217 million in cash at bank and $509 million of cash held by the Australian Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt financing in place and $126m in bank guarantees[2].

ERA recorded a net loss after tax for 2023 of $1,388 million (inclusive of $1,349 million net rehabilitation adjustment) compared to a net loss after tax of $161 million for the same period in 2022. The 2023 result was primarily driven by an increase in the forecast cost of rehabilitation of the Ranger Project Area resulting in an increase in the provision for rehabilitation. This increase is primarily the result of changes in estimate made following the receipt of outcomes and data of the 2022 Feasibility Study (received in October 2023).

As at 31 December 2023, revisions to the rehabilitation cost estimate resulted in unfavourable adjustments of $1,362.5 million compared to an unfavourable adjustment of $62.2 million in

[1] ERA's Appendix 4E is reported under International Financial Reporting Standards (IFRS). The above financial summary includes certain non-IFRS measures, being EBITDA. These measures are presented to enable understanding of the underlying performance of the Company and have not been audited.
[2] $125 million related to Ranger Project Area and $1 million related to Jabiluka.

Results for announcement to the market

2022. The increase in the 2023 rehabilitation provision was partially offset by other non-cash adjustments in the estimates present value due to the increase in the discount rate from 1.5% to 2% on 1 July 2023 of $13.3 million as well as $211 million of payment of rehabilitation in 2023 ($194 million in 2022).

Further contributing to the 2023 result was that no uranium oxide sales revenue was generated following a cessation of uranium oxide sales from the Ranger Project Area in 31 May 2022 compared to $35 million revenue received in 2022. Revenue from continuing operation mainly includes interest income and some rental receipts.

Interest income for 2023 was $32.2 million, compared to $9.3 million for 2022. The increase was driven by both average higher cash balances and higher rates of interest in 2023 than the prior period, with the weighted average interest rate received on term deposit for the period being 4.69 per cent (2022: 1.53 per cent).

Operating costs for 2023 were lower than the corresponding period in 2022. This was primarily due to higher employee related cost in 2022 due to redundancies following ERA's transition to an Integrated Project Management Team (IPMT) and higher 2022 consulting and legal charges related to organisational changes and the setup of the IPMT. In addition, the completion of all sales of remaining uranium inventories in May 2022 resulted in no royalty and selling costs in 2023 further positively impacting operating costs. Operating costs are now those only of a corporate nature.

Provision for Rehabilitation

At 31 December 2023, the ERA rehabilitation provision was $2,420 million[3], a net increase of $1,195 million from the previous period.

Of the increase in the provision, approximately 85% of the increase is attributable to rehabilitation activities post 2027. An extension in schedule to achievement of final land form (FLF) has been a significant factor in driving additional estimated project costs. This extension is primarily due to a reassessment of the time taken to achieve Pit 3 consolidation, with a secondary driver being the transition to lower technical risk Pit 3 capping methods removing previously estimated schedule synergies. In addition to schedule increased estimates in water volumes requiring treatment have driven higher variable costs of treatment against prior year estimates with the overall long-term performance of the water treatment plant being below the planned performance in ERA's previously assumed water treatment strategy. ERA will continue to pursue initiatives to improve the performance of the water treatment plants in line with its revised water treatment strategy. Estimated bulk material movement costs have also been forecasted to increase materially due to higher unit costs than previously estimated with some additional scope relating to catchment conversion activities also driving an increase in cost.

ERA expects to spend approximately $1.2 billion in undiscounted nominal terms on rehabilitation activities including studies up until the end of 2027. Activities post 2027 and estimates of their costs remain highly uncertain. These activities remain subject to a number of studies and are also potentially sensitive to external events, as such estimates of expenditure beyond 2027 are subject to the further study work detailed below.

[3] 31 December 2023 provision discounted at 2% per cent. This equates to an estimated $2,961 million in undiscounted nominal terms or $2,667 million in undiscounted real terms.

Results for announcement to the market

Rehabilitation Activities in 2023

During 2023, ERA incurred expenditure of $211 million on rehabilitation activities with progressive rehabilitation of the Ranger Project Area continuing with several key milestones achieved.

The capping of Pit 3 remains a critical path activity, including 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. Pit 3 backfill approval application was resubmitted to the Northern Territory governing agency during the September 2023 quarter. Final approval of the backfill application is expected in the later part of quarter 1, 2024.

Preparation for the dry capping of Pit 3 has continued to progress. Upon the successful dewatering of Pit 3, the next step will be to lay geofabric which will protect the tailings during capping activities followed by further initial capping activities.

Progress was made during the year to mobilise equipment to be used to accelerate the drying of Pit 3 within the completed wicked zone. Additional specialised drying equipment is expected to be delivered early in 2024.

The Brine Squeezer process water treatment upgrade work progressed reaching completion during the last quarter of 2023 including regulatory approval to operate. This upgrade will allow additional treatment of process water from the Ranger Water Dam.

While performance against operational plan volumes has improved in 2023, treatment rates of process water through the Brine Concentrator has continued below the planned performance assumed in ERA's previous water management strategy. Progress is being made in identifying and implementing strategies that improve plant reliability and production consistency. Although water quality has been challenging this year, high quality on specification distillate continues to be produced. Process improvement initiatives continue to be a key focus area.

During 2023, the Jabiru housing refurbishment program continued to progress including the release of further properties. ERA is progressively working on the transfer of properties to enable tenanting by third parties.

Overall, factors including a tight labour market and remnant supply chain constraints continue to impact the project.

Outcomes of the 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[4]) and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost and schedule (2022 Feasibility Study).

As previously announced, ERA received outcomes and data from the 2022 Feasibility Study in October 2023 that require more analysis and separate studies, including but not limited to:

- Investigating alternative lower cost solutions for the management of water inventories requiring treatment;
- Development of sediment and erosion control solutions to optimise release of water from rehabilitated landforms;

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

Results for announcement to the market

- Evolution of the final landform design and construction to optimise the movement of bulk materials and appropriately manage late-stage closure sequencing;
- Investigating alternative lower cost options for site simplification and opportunities for cost optimisation of post-closure monitoring and maintenance; and
- Value engineering and safety in design investigations.

The Company will use the outcomes from the studies to attempt to optimise Rehabilitation cost, schedule and risk.

Project Execution Approach

Over 2023, ERA embedded project execution, reporting and governance systems through the mobilisation of the Integrated Project Management Team (IPMT) with support from Bechtel. This was an interim project execution approach to support rehabilitation activities being done alongside the 2022 Feasibility Study. This approach brought the best of Bechtel's project capability alongside ERA's world-class rehabilitation expertise. The transition to the IPMT was completed in March 2023.

As announced on 26 September 2023, ERA is transitioning to a programme management approach. This approach seeks to ensure that project scopes with certainty can proceed, in parallel to studies on remaining project execution scopes without certainty. This approach is best supported by an ERA-led execution model, which ERA will adopt in H1, 2024.

Extension of the Expiry Date of ERA's Tenure on the Ranger Project Area

ERA continues to work collaboratively with Gundjeihmi Aboriginal Corporation (GAC), 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 original January 2026 deadline. This will allow additional time for ERA to complete the rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance.

Interim Funding

In May 2023, ERA completed a 5 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares (Interim Entitlement Offer). The Interim Entitlement offer, which was fully subscribed (inclusive of the applications under the Shortfall Facility), provide a total of approximately $369 million (before costs). Following the Interim Entitlement Offer, Rio Tinto's voting power and relevant interest remained unchanged at 86.33%.

A portion of the proceeds from the Interim Entitlement Offer were used to repay the Rio Tinto Revised Credit Facility of $100 million and fund costs of the Interim Entitlement Offer of approximately $4.4 million. The remaining proceeds are expected to provide ERA with sufficient capital to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024.

The Interim Entitlement Offer was an interim funding solution for the Company, with further interim funding expected to be required by ERA in second half of 2024 related to the first tranche of the estimated Ranger Project Area rehabilitation expenditure. The Company 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. Given Rio Tinto subscribed to its full share of its entitlements in the previous Interim Entitlement Offer, the Board considers that Rio Tinto remains committed to the successful rehabilitation of the Ranger Project Area. This funding requirement is expected to be addressed in the form of a material equity raise in 2024.

Results for announcement to the market

ERA will use existing cash at bank and relevant net interest received to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024, fund corporate costs, working capital, funding costs, and other costs including the possible renewal of the Jabiluka Mineral Lease and activities to uphold obligations under the Jabiluka Long Term Care and Maintenance Agreement.

Jabiluka Mineral Lease

ERA holds the Jabiluka Mineral Lease – a large, high-quality uranium ore body of global significance. In accordance with the Long-Term Care and Maintenance Agreement signed by ERA in 2005, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners. The initial term of the MLN1 Jabiluka lease is due to expire in August 2024. ERA has commenced discussions with stakeholders, including the GAC, concerning any application for renewal of the Lease. A final decision on lodgement of the renewal, and its timing, will be made in due course.

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 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:

- Execute rehabilitation scope of the Ranger Project Area;
- Progress studies to increase technical certainty in other project Tranches;
- Secure a suitable funding option to meet future rehabilitation obligations, including a material equity raise;
- 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 2023 financial year. No final dividend was paid in respect to the 2022 financial year.

Exploration

There was no exploration expenditure for the year ended 2023.

Date of AGM and closing date for director nominations

Pursuant to ASX Listing Rule 3.13.1, ERA advises that it will hold its 2024 Annual General Meeting on Wednesday, 24 April 2024.

ERA will accept nominations for the election of directors up until 5pm ACST on Monday, 4 March 2024, in accordance with ASX listing rule 14.3.

Preliminary statement of comprehensive income

	2023 $'000	2022 $'000
Revenue from continuing operations	34,182	55,309
Changes in inventories	-	(22,524)
Materials and consumables used	(1,100)	(235)
Employee benefits and contractor expenses	(11,974)	(15,918)
Government and other royalties	-	(1,936)
Commission and shipping expenses	-	(56)
Depreciation and amortisation expenses	(292)	(312)
Changes in rehabilitation provision	(1,349,272)	(62,157)
Financing costs	(57,273)	(106,467)
Statutory and corporate expense	(2,270)	(6,009)
Other expenses	(95)	(248)
Loss before income tax	**(1,388,094)**	**(160,553)**
Income tax (expense)/benefit	-	-
Loss for the year	**(1,388,094)**	**(160,553)**
Total comprehensive loss for the year	**(1,388,094)**	**(160,553)**
Loss is attributable to:		
Owners of Energy Resources of Australia Ltd	**(1,388,094)**	**(160,553)**
Total comprehensive loss for the year is attributable to:		
Owners of Energy Resources of Australia Ltd	**(1,388,094)**	**(160,553)**

Preliminary balance sheet

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	216,951	87,116
Trade and other receivables	4,229	4,678
Inventories	7,315	8,059
Other	785	2,924
Total current assets	229,280	102,777
Non-current assets		
Undeveloped properties	89,856	89,856
Property, plant and equipment	659	951
Government security receivable	509,005	486,187
Total non-current assets	**599,520**	**576,994**
Total assets	**828,800**	**679,771**
Current liabilities		
Temporary bank overdraft	-	12,253
Trade and other payables	25,899	33,699
Lease liabilities	295	284
Provisions	309,099	279,783
Total current liabilities	**335,293**	**326,019**
Non-current liabilities		
Lease liabilities	385	681
Provisions	2,120,422	956,728
Total non-current liabilities	**2,120,807**	**957,409**
Total liabilities	**2,456,100**	**1,283,428**
Net deficit	**(1,627,300)**	**(603,657)**
Equity		
Contributed equity	1,542,350	1,177,656
Reserves	387,669	387,912
Accumulated losses	(3,557,319)	(2,169,225)
Total deficit	**(1,627,300)**	**(603,657)**

Preliminary statement of changes in equity

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2022	**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)**
Loss for the year	-	-	(1,388,094)	(1,388,094)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(1,388,094)**	**(1,388,094)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction cost	**364,694**	**-**	**-**	**364,694**
Employee share options - value of employee services	-	(243)	-	(243)
	364,694	(243)	-	364,451
Balance at 31 December 2023	**1,542,350**	**387,669**	**(3,557,319)**	**(1,627,300)**

Preliminary statement of cash flows

	2023 $'000 inflows/ (outflows)	2022 $'000 inflows/ (outflows)
Cash flow from operating activities		
Receipts from customers	1,036	75,488
Payments to suppliers and employees	(22,456)	(28,750)
	(21,420)	**46,738**
Payments for rehabilitation	(210,615)	(194,190)
Interest received	9,429	1,133
Financing costs paid	(640)	(644)
Net cash inflow/(outflow) from operating activities	**(223,246)**	**(146,963)**
Cash flow from investing activities		
Payments for property, plant and equipment	(79)	(227)
Proceeds from sale of property, plant and equipment	1,347	2,725
Payment for Investments in term deposits	(100,000)	-
Proceeds from Investments in term deposits	100,000	-
Proceeds from government security receivable	-	56,778
Net cash inflow/(outflow) from investing activities	**1,268**	**59,276**
Cash flow from financing activities		
Temporary bank overdraft	-	12,253
Repayment of temporary bank overdraft	(12,253)	-
Proceeds from borrowings	100,000	-
Repayment of borrowings	(100,000)	-
Proceeds from issues of shares	369,138	-
Share issue transaction cost	(4,444)	-
Employee share option payments	(346)	(1,009)
Payment of lease liabilities	(284)	(300)
Net cash inflow/(outflow) from financing activities	**351,811**	**10,944**
Net increase/(decrease) in cash held	129,833	(76,743)
Cash at the beginning of the financial year	87,116	163,872
Effects of exchange rate changes on cash	2	(13)
Cash at the end of the financial year	**216,951**	**87,116**

Additional information for announcement to the market

Inventories	**2023 $'000**	**2022 $'000**
Inventories - current		
Stores and spares	7,315	8,059
Total current inventory	7,315	8,059

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

Provisions	**2023 $'000**	**2022 $'000**
Provisions - current		
Employee benefits	8,799	11,198
Rehabilitation	300,300	268,585
Total current provisions	309,099	279,783
Movement in current rehabilitation provision		
Carrying value at the start of the year	268,585	222,898
Payments	(210,615)	(194,190)
Transfers from non-current provisions	242,330	239,877
Carrying amount at the end of the year	300,300	268,585
Provisions – non-current		
Employee benefits	772	653
Rehabilitation	2,119,650	956,075
Total non-current provisions	2,120,422	956,728
Movement in non-current rehabilitation provision		
Carrying value at the start of the year	956,075	1,027,971
Unwind of discount	56,633	105,824
Change in estimate	1,362,540	62,157
Change in discount rate	(13,268)	-
Transfers to current provisions	(242,330)	(239,877)
Carrying amount at the end of the year	2,119,650	956,075

Employee Benefits

The employee benefits relate to annual leave and long service leave. Following the final severance payment in November, the provision of benefits payable on termination was $ Nil as at 31 December 2023 (2022: $1.0M). The provision was reviewed at year end to ensure the provision reflects Management's best estimate of the benefits payable, and Management determined that the recognition requirements of the accounting standard had not been met as at 31 December 2023.

Management continues to monitor the triggers for recognition of employee severance costs in conjunction with updates to the Ranger Rehabilitation Project execution required scopes of work and business operational requirements.

Additional information for announcement to the market

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 2023 of the preferred plan and represents Management's best estimate of costs.

In May 2022, ERA commenced a feasibility study update in connection with a lower technical risk rehabilitation methodology and to further refine the Ranger Project Area rehabilitation execution scope, risk, cost and schedule. ERA received the outcomes from the 2022 Feasibility Study in October 2023 and those matters require more analysis and separate studies including but not limited to;

- Investigating alternative lower cost solutions for the management of water inventories requiring treatment;
- Development of sediment and erosion control solutions to optimise release of water from rehabilitated landforms;
- Evolution of the final landform design and construction to optimise the movement of bulk materials and appropriately manage late-stage closure sequencing;
- Investigating alternative options for site simplification and opportunities for cost optimisation of post-closure monitoring and maintenance; and
- Value engineering and safety in design investigations.

Following the findings of 2022 Feasibility Study, ERA made a decision to transition from a single project delivery approach to a program management approach where the works will be divided into separate tranches.

In determining the rehabilitation provision, ERA has considered the findings from the 2022 Feasibility Study. While there remain significant uncertainties regarding the underlying scope and schedule driving costs including numerous ongoing studies to further interrogate and validate costs, Management has continued refining the estimate of total rehabilitation costs for the Ranger Project Area for year-end reporting. Based on updated modelling the current best estimate of the ERA rehabilitation provision as at 31 December 2023 is $2,420 million reflecting an increase of $1,195 million from 2022.

Progressive rehabilitation of the Ranger Project Area has continued during 2023 with several key milestones achieved. Key milestones include the completion of Pit 3 wicking, Pit 3 dewatering and the recommissioning of the brine injection system, used to dispose of waste brines.

ERA's Jabiru housing refurbishment program continues to progress. ERA is progressively working with Gundjeihmi Aboriginal Corporation Jabiru Town (GACJT) and Jabiru Property Services (JPS) for the transfer of properties to enable tenanting by third parties.

Other key rehabilitation activities to be continued in 2024 includes: Pit 3 backfill to secondary capping and start of decant, continue process water treatment with existing brine concentrator and upgraded brine squeezer, continue site water management, complete Continuity of Services works, power supply transition from Ranger Power Station (RPS) to IPP (Independent Power Plant), phase 1 decommissioning and demolition and scientific studies and approvals.

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.

Additional information for announcement to the market

The rehabilitation of the Ranger Project Area is the largest ever project of its kind in Australia with unique levels of complexity and risk. 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. While the review of the 2022 Feasibility Study and the additional studies are ongoing, 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

During the capping and backfill of Pit 3, the capped tailings will consolidate and express process water that will need to be collected and treated. The installation of vertical wicks during 2023 has accelerated the rate of tailings consolidation.

The timeframe for completion of tailings consolidation is supported by a detailed tailings consolidation model that is based on in-situ testing of site tailings. The consolidation model's prediction of the rate of tailings consolidation is impacted by many factors, including the characteristics of the tailings, the progression of Pit 3 capping and backfill and the ability to remove the expressed water from the tailings.

Forecasts for the practical completion of tailings consolidation and the end of process water collection have been extended because of changes in Pit 3 capping method and schedule, changes in the assumed degree to which expressed water needs to be collected to satisfy environmental constraints and other changes in tailings model assumptions. This extension has been a contributing factor to the increase in estimated rehabilitation costs reported at 31 December 2023.

If tailings consolidation timeframes or the timeframe for the end of process water collection extend further, then it could have additional adverse impacts on the cost and schedule of completing rehabilitation.

Water treatment and injection of waste brines

Overall long-term performance of the water treatment plant has been below the planned performance in ERA's previously assumed water treatment strategy. This has been a contributing factor to an increase in estimated rehabilitation costs reported at 31 December 2023. ERA will continue initiatives to improve the performance of the water treatment plants in line with its revised water treatment strategy. Further deficits in performance of this infrastructure against targets established in the revised strategy may produce further delays in completing the Ranger Rehabilitation Project.

To the extent that any of these initiatives cost more than expected or ERA is required to implement further initiatives (such as installing additional water treatment infrastructure), the rehabilitation cost may increase further.

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 by injecting the brine through boreholes. This technology has been commissioned but the long-term performance is yet to be fully confirmed. An alternate method of salt disposal would be required if disposing the salt in this way does not prove viable. This would require additional capital expenditure, which has not been allowed for in the rehabilitation estimate or the resulting provision and may not be available to ERA.

Additional information for announcement to the market

Bulk material movement

Once Pit 3 is capped 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. Changes in estimated bulk material movement unit rates against previous estimates have been a contributing factor to the increase in estimated rehabilitation costs reported at 31 December 2023. There may be further material impact on the rehabilitation cost or schedule if volumes or costs of movement change.

Other factors

In addition to the factors identified above there are many additional items that could impact the estimate, including: increase in water treatment volumes from rainfall or other sources, 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 2023, the real discount rate was 2 per cent, this was increased from 1.5 per cent at 31 December 2022 as a result of changes in macro-economic conditions.

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	**2023 ’000**	**2022 ’000**
A Class shares fully paid (#)		
Share capital at the start of the year	3,691,383	3,691,383
Shares issued during the year (at $0.02 per share)	18,456,916	-
Share capital at the end of the financial year	22,148,299	3,691,383
Total contributed equity ($)		
Contributed equity at the start of the year	1,177,656	1,177,656
Additional contributions of equity ($0.02 per share of 18,456,915,990 shares)	369,138	-
Share issuance cost	(4,444)	-
Contributed equity at the end of the year	1,542,350	1,177,656

As previously announced in May 2023, ERA’s 5 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares (Interim Entitlement Offer) closed successfully on 10 May 2023.

Accumulated losses	**2023 $’000**	**2022 $’000**
Accumulated losses at the beginning of the financial year	(2,169,225)	(2,008,672)
Net profit/(loss) attributable to members of Energy Resources of Australia Ltd	(1,388,094)	(160,553)
Accumulated losses at the end of the financial year	(3,557,319)	(2,169,225)

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 2023 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 2023, $0.08 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 2023, 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 successful interim entitlement offer and market capitalisation exceeding net assets;
- The ongoing strength of the uranium spot price;
- Valuation technique and resource multiples;
- 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 or represent a change in

Additional information for announcement to the market

Management's overall view of value. 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,
- The outcome of an application for renewal of the MLN1 lease.

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 $321 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

The Company's objectives when managing capital are to safeguard the Company'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. Primarily as a result of a number of rehabilitation provision increases since 2021, ERA has insufficient funds to fully fund rehabilitation. As previously announced in May 2023, ERA completed a 5 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares (Interim Entitlement Offer). The Interim Entitlement Offer, which was fully subscribed (inclusive of the applications under the Shortfall Facility), has provided a total of approximately $369 million (before costs). The new shares issued rank equally with the existing ERA shares on issue, therefore Rio Tinto's purchase of new shares is equivalent to their existing shareholdings. As such, Rio Tinto's voting power and relevant interest remain unchanged at 86.33%.

A portion of the proceeds from the Interim Entitlement Offer were used to repay the Rio Tinto Revised Credit Facility of $100 million and fund costs of the Interim Entitlement Offer of approximately $4.4 million. The remaining proceeds are expected to provide ERA with sufficient capital to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024.

ERA will use existing cash at bank and net interest received to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024, fund corporate costs, working capital, funding costs, and other costs including the possible renewal of the Jabiluka Mineral Lease and activities to uphold obligations under the Jabiluka Long Term Care and Maintenance Agreement, pending a final decision on the lodgement of a renewal application.

The Interim Entitlement Offer was an interim funding solution for the Company, with further funding expected to be required by ERA in second half of 2024 for the first tranche of the estimated Ranger Project Area rehabilitation expenditure. This is currently expected to incorporate the rehabilitation requirements addressed in the 2022 Feasibility Study (revised programme management approach). ERA will engage with Rio Tinto and other shareholders in relation to a material equity raise in 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 2023, ERA had no debt and $726 million in total cash resources (comprising $217 million in cash at bank or cash equivalents and $509 million invested as part of the government security receivable).

Government Security Receivable

ERA is required to maintain the Trust Fund with the Australian Government. The Trust Fund is intended to provide security against the estimated costs of closing and rehabilitating the Ranger Project Area immediately. The company is required to prepare and submit an Annual Plan of Rehabilitation (Annual Plan) to the Australian Government. Once accepted by the Australian Government, the Annual Plan is independently assessed and costed and the amount to be provided by the company into the Trust Fund is then determined.

As at 31 December 2023, ERA had $509 million in cash held by the Australian Government in the Trust Fund. Bank guarantees procured by ERA totalling $125 million are held by the Government as additional security for ERA's rehabilitation obligations (an additional $1 million is held as an allowance for Jabiluka rehabilitation).

Additional information for announcement to the market

These deposits and bank guarantees were provided to the Australian 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 9 January 2021 to 30 June 2022.

ERA has agreed on amendments to the Ranger Government Agreement with the Australian Government to introduce a clearer framework for managing the amount of security held by the Government and releasing funds from the Trust Fund for completed rehabilitation works. However, drawdown of funds under this framework will first require re-evaluation of the security arrangement. Given the increase in the cost of rehabilitating the Ranger Project Area, ERA may be required to provide additional security or funds in the Trust Fund.

ERA does not consider that it can rely upon drawdown of any further cash from the Trust Fund before the re-evaluation of the security arrangement is complete.

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 ERA is 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 2023 was 4.67 per cent (31 December 2022: 1.53 per cent).

Net Tangible Asset Backing	**2023 $**	**2022 $**
Net tangible asset backing per ordinary share	(0.07)	(0.16)

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 2023 financial report, when audited, will contain an independent auditor’s report which includes a material uncertainty related to going concern paragraph.