

ASX Announcement

ERA appoints Rio Tinto to manage the Ranger Rehabilitation Project

3 April 2024

ERA today announces that it has appointed Rio Tinto to manage the Ranger Rehabilitation Project under a new Management Services Agreement (MSA).

The MSA follows discussions and negotiations between Rio Tinto and ERA's Independent Board Committee (IBC) in relation to a proposal to provide services and advice on the execution of the Project. The IBC sought and received a proposal from Rio Tinto, and carefully considered the potential MSA and whether it was in the best interests of ERA's shareholders. The IBC concluded that there was significant value for ERA, and potential cost savings, in directly leveraging Rio Tinto's mine rehabilitation, project management experience and capability to support the safe and efficient delivery of the Ranger Rehabilitation Project. Rio Tinto owns 86.3% of ERA's shares.

The MSA is expected to be implemented in the 2nd quarter of 2024, with the transition period expected to take 2 to 3 months.

Under the MSA, Rio Tinto will, on ERA's behalf and in accordance with plans and budgets approved by the ERA Board, manage all aspects of the rehabilitation of Ranger, including project management and execution of all rehabilitation activities. Implementation of the MSA will allow Rio Tinto to build on ERA's work to date and combine this with Rio Tinto's technical expertise in designing, scoping, and executing closure projects.

All Rio Tinto services will be provided at cost once the services commence. Rio Tinto has also agreed to provide free carry on some services, including the first 12 months of Rio Tinto Management team costs and access to internal technical expertise. The MSA requires Rio Tinto and ERA to seek to mitigate risks and minimise costs in alignment with ERA's obligations.

ERA will continue to directly manage its commitments in Jabiru, corporate and financial affairs, assets and governance, including the Jabiluka mineral lease renewal.

Rick Dennis, Chairman and Chairman of ERA's Independent Board Committee, said "We are pleased to have appointed Rio Tinto to manage the Ranger Rehabilitation Project. The Ranger Rehabilitation Project is a complex and globally significant rehabilitation and after extensive consideration the IBC has concluded that there would be significant value for ERA in directly leveraging Rio Tinto's mine rehabilitation, project management experience and capabilities."

Brad Welsh, ERA Managing Director and CEO, said: "The ERA team has worked incredibly hard and made good progress rehabilitating Ranger. However, as the project moves into a new phase it will benefit from Rio Tinto's global expertise in mine closure. We look forward to working with and supporting Rio Tinto on the safe and efficient delivery of this important project."

Rio Tinto Chief Executive, Australia, Kellie Parker said “With the signing of this agreement, we are pleased to be able to directly provide more closure and project delivery experience and know-how to this critical task. We look forward to working in partnership with the Mirarr Traditional Owners and other stakeholders to complete the project.”

An updated rehabilitation timeline for the Ranger project will be disclosed when finalised in due course.

Key terms of the MSA are summarised in Attachment A.

This announcement is authorised by the Board.

For further information, please contact:

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About Energy Resources Australia Ltd

Energy Resources of Australia Ltd (ERA) has been one of the nation’s largest uranium producers and operated Australia’s longest continually producing uranium mine.

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

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

ERA’s Ranger Project Area (100%) is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia’s Northern Territory. ERA also holds title to the Jabiluka Mineral Lease (100%) and is a signatory to the Long Term Care and Maintenance Agreement over the Jabiluka Mineral Lease.

Annexure A: Summary of key terms

<p>Scope and Services</p>	<p>The services to be provided under the MSA by Rio Tinto, include (but are not limited to):</p> <ol style="list-style-type: none"> 1 the execution of rehabilitation studies; 2 managing and supervising rehabilitation work for the Ranger Rehabilitation Project in accordance with approved plans and budgets; 3 management of all operational activities including water treatment operations and power generation; 4 management and administration of existing contracts, and contracts entered into by or on behalf of ERA; 5 stakeholder liaison; and 6 the ongoing monitoring of the Ranger Project Area and its complete rehabilitation, (Services). Additional Services may be included by agreement. <p>The following are Excluded Services for the purposes of the MSA:</p> <ol style="list-style-type: none"> 1 any dealings with the Jabiluka mineral lease; 2 rehabilitation or similar activities in respect of Jabiru; 3 management of the day-to-day corporate affairs of ERA; and 4 management of the financial affairs of ERA.
<p>Term</p>	<p>The provision of Services commences on a date nominated by Rio Tinto within thirty (30) days of signing and (subject to earlier termination in accordance with the MSA – see below under ‘Termination’) terminates on the date that is ten (10) years after completion of final landform and demobilisation under the Ranger Mine Closure Plan.</p> <p>The first two to three months of the term comprise a transition-in services period during which Rio Tinto will be transitioned in as the exclusive provider of the Services in accordance with an agreed Transition-In Plan.</p>
<p>Plans and Budgets</p>	<p>Following the end of the initial transition-in period, the Services must be performed in accordance with plans and budgets approved by the ERA Board.</p> <p>The MSA prescribes a process and schedule for Rio Tinto to prepare and seek approval of plans and budgets once the Transition-In Plan and existing ERA 2024 budget expire. Certain matters also require approval of the IBC.</p> <p>If a plan and budget is not approved by the ERA board, Rio Tinto will be authorised to implement such measures as are required to ensure that ERA continues to meet its minimum legal requirements.</p> <p>Rio Tinto must perform the Services under the MSA subject to, and consistent with, the overall policy and directions of the ERA Board and in accordance with agreed service levels.</p>
<p>Ranger Project Team</p>	<p>As soon as practicable after the date of the MSA, Rio Tinto will establish a Ranger Project Team to deliver the Services and liaise with ERA on a basis that is initially consistent with the Transition-In Plan and, going forward, consistent with the applicable plans and budgets from time to time.</p>

Cost recovery	<p>ERA will reimburse Rio Tinto for all costs, expenses and liabilities incurred in providing the Services and performing its obligations under the MSA to the extent that such costs have been incurred in accordance with the authorities and limits prescribed in the MSA and the approved plans and budgets and without any mark-up or margin.</p> <p>ERA will not be required to reimburse Rio Tinto during the first 12 months from the commencement date for management team costs and internal technical expertise.</p>
Services Data	<p>All data, information, reports, test results and records produced or generated as a result of carrying out the Services will be vested in and owned by ERA on creation.</p>
Termination	<p>ERA may terminate the MSA by notice in writing to Rio Tinto:</p> <ol style="list-style-type: none"> 1 on and from the date that is three (3) years after the commencement date and thereafter once every three (3) years, if the IBC acting reasonably and in good faith determines that it is not in the best interests of ERA and its shareholders to continue the MSA, following a required period of negotiation and consultation with Rio Tinto; 2 if Rio Tinto commits a breach of a material term of the MSA and: <ul style="list-style-type: none"> – if remediable, it is not remedied within 120 days of notice; – if not remediable, Rio Tinto has not adequately compensated ERA within 60 days of notice; or – Rio Tinto ceases to be a member of the Rio Tinto Group; 3 if Rio Tinto ceases or threatens to cease carrying on its business; or 4 if an insolvency event occurs in relation to Rio Tinto. <p>Rio Tinto may terminate the MSA or suspend Services by notice in writing to ERA if:</p> <ol style="list-style-type: none"> 1 an insolvency event occurs in relation to ERA; 2 ERA ceases or threatens to cease carrying on its business; 3 ERA commits a breach of a material term of the MSA and: <ul style="list-style-type: none"> – if remediable, it is not remedied within 30 days of notice; or – if not remediable, ERA has not adequately compensated Rio Tinto within 60 days of notice. <p>Rio Tinto may not suspend the Services for a continuous period of more than six (6) months without proceeding to exercise its termination rights.</p>
Liability	<p>ERA will be liable for and indemnify Rio Tinto and its personnel and agents against liabilities arising from the conduct of the Services, except to the extent a claim arises from any gross negligence, wilful misconduct, bad faith or fraud by Rio Tinto.</p> <p>Neither party will be liable to the other for consequential loss.</p>