

## ASX Announcement

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### ERA announces approximately \$880 million renounceable entitlement offer

29 August 2024

- Following the market soundings process announced on Monday, 26 August 2024, ERA has determined to undertake a 19.87 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ordinary shares (New Shares) to raise up to approximately \$880 million, at an offer price of \$0.002 per New Share (Entitlement Offer)
- The offer price of \$0.002 per New share represents a 87.8% discount to ERA's 5-day VWAP of \$0.0164<sup>1</sup> and a discount of 24.4% to ERA's TERP of \$0.003 per share as at Friday, 23 August 2024<sup>2</sup>
- Proceeds from the Entitlement Offer are expected to provide ERA with sufficient cash to:
  - Fund planned Ranger Project Area rehabilitation related expenditure up until approximately Q3 of 2027<sup>3</sup>
  - Fund the costs of the Entitlement Offer
- It is highly likely ERA will require more funding in approximately Q3 of 2027, and ERA will consider available funding options for the additional amount before the funds are expected to be required, noting it is likely that this may include a further equity raise
- ERA has secured binding pre-commitments from Rio Tinto who have committed to subscribe for approximately \$760 million in total
- Rio Tinto's voting power could increase to up to 99.2468% in ERA following completion of the Entitlement Offer<sup>4</sup>

Energy Resources of Australia Ltd (**ERA** or the **Company**) today announces a non-underwritten pro rata renounceable offer of new fully paid ERA ordinary shares (**New Shares**) to raise approximately \$880 million (**Entitlement Offer**).

Proceeds from the Entitlement Offer are expected to provide ERA with sufficient cash to fund its planned Ranger Project Area rehabilitation expenditure to the approximately Q3 of 2027 and to fund costs of the Entitlement Offer.

The New Shares will be offered to all eligible shareholders, being those persons who are registered as a holder of ERA shares as at the Record Date (being 7.00pm (Sydney time) on Tuesday, 3

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<sup>1</sup> Over the five trading day period ending Friday, 23 August 2024.

<sup>2</sup> TERP (or Theoretical Ex Rights Price) is a theoretical calculation only and the actual price at which shares in ERA trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not be equal to TERP. The TERP calculation assumes the Entitlement Offer is fully subscribed.

<sup>3</sup> The ultimate cost of rehabilitation works and the timing of those costs is necessarily uncertain. Costs may vary depending on factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions.

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



September 2024 and, as at the Record Date, have registered addresses on the share register in Australia or New Zealand or such other jurisdiction where the Company determines in its sole discretion (acting reasonably) that the person is eligible under all applicable laws to receive an offer under the Entitlement Offer (**Eligible Shareholders**) at an offer price of \$0.002 per New Share (**Offer Price**). The Offer Price represents a 87.8% discount to the 5-day volume weighted average price (**VWAP**)<sup>5</sup> of \$0.0164 per share (rounded to 4 decimal places) and a discount of 24.4% to ERA's theoretical ex-rights price (**TERP**)<sup>6</sup> of \$0.003 per share as at Friday, 23 August 2024.

### **Background and purpose of the Entitlement Offer**

ERA remains committed to the comprehensive rehabilitation of the Ranger Project Area, including meeting all its statutory and contractual obligations.

The scope and schedule of the work required to meet the Company's rehabilitation obligations is described in detail in the Company's Mine Closure Plan (first released in June 2018 and most recently updated in December 2023), which is reviewed and updated annually in consultation with the Traditional Owner representatives, regulators and key stakeholders.

The total expenditure expected to be incurred for planned Ranger Project Area rehabilitation activities from 1 July 2024 up until the end of 2027 is currently estimated at \$986 million. Activities post 2027 and estimates of their cost 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 further study work. The current best estimate of the ERA rehabilitation provision as at 30 June 2024 is \$2,402 million<sup>7</sup>. In the absence of the Entitlement Offer, based on the planned Ranger Project Area rehabilitation activities:

- ERA is likely to breach its minimum cash reserve of approximately \$50 million in Q4 of this year;
- ERA maintains this cash reserve to pay down its obligations to creditors, pay employee entitlements and other contractual liabilities; and
- ERA will deplete its cash resources by the end of 2024 or early 2025.

The Independent Board Committee of ERA (**IBC**) has considered all reasonably available options to meet its funding requirements and has determined that the Entitlement Offer is the only practicable funding option available for ERA.

As announced on Monday, 26 August 2024, the IBC launched an investor sounding process to determine interest in an equity raise to fund rehabilitation activities. The market soundings process related to both price and size, and ERA sought to raise a minimum of \$210 million, as well as considering raising more depending upon what size offered the most beneficial terms on which ERA can obtain funding to meet its rehabilitation requirements. The market soundings process was broad and sought to engage major shareholders – Rio Tinto, Packer and Co Ltd and Zentree Investments Limited – as well as third party investors to determine their support for a potential equity raise.

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<sup>5</sup> Over the five trading day period ending Friday, 23 August 2024.

<sup>6</sup> TERP is a theoretical calculation only and the actual price at which shares in ERA trade immediately after the ex date of the Interim Entitlement Offer will depend on many factors and may not be equal to TERP. TERP calculation assumes the offer is fully subscribed.

<sup>7</sup> 30 June 2024 provision discounted at 2.5%. This equates to an estimated \$3,026m in undiscounted nominal terms or \$2,717m in undiscounted real terms. The provision is inclusive of a \$1 million allowance for Jabiluka rehabilitation.



The IBC has sized and priced the Entitlement Offer based on ERA's funding requirements and feedback received during the market soundings and binding pre-commitments received, such that the minimum necessary funds could be raised under the Entitlement Offer.

On the basis of the pre-commitments from new and existing shareholders, proceeds from the Entitlement Offer are expected to provide ERA with sufficient cash to fund Ranger Project Area rehabilitation related expenditure up until approximately Q3 of 2027 (and may provide ERA with additional cash if further subscriptions are received).<sup>8</sup>

It is highly likely ERA will require more funding in approximately Q3 of 2027. ERA will consider available funding options for the additional amount before the funds are expected to be required, noting it is likely that this may include a further equity raise.

ERA has received binding pre-commitments from Rio Tinto who has committed to subscribe for approximately \$760 million in total.

Rio Tinto's voting power could increase to up to 99.2468% in ERA following completion of the Entitlement Offer taking into account the binding pre-commitments and assuming no other shareholders (other than those who have pre-committed) participate and Shortfall Entitlements and Shortfall Shares (as defined below) are not taken up.

In the event that Rio Tinto beneficially owns 90% or more of the shares in ERA, Rio Tinto would have the option to compulsorily acquire the remaining ERA shares under Part 6A.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and has indicated an intention to do so if the option is available. Packer & Co and Zentree Investments Limited's percentage holding in ERA would have to reduce in order for Rio Tinto to own 90% or more of the shares in ERA.

#### Use of proceeds

Proceeds from the Entitlement Offer are expected to provide ERA with sufficient cash to:

- Fund its planned Ranger Project Area rehabilitation related expenditure up until approximately Q3 of 2027; and
- Fund costs of the Entitlement Offer.

Please refer to the Investor Presentation for further detail on the uses of proceeds from the Entitlement Offer.

On top of net proceeds from the Entitlement Offer, ERA will use existing cash at bank and relevant net interest received to enable ERA to undertake the following activities up until approximately Q3 of 2027:

- fund corporate costs, working capital, funding costs and other costs;
- determine how best to manage, complete, and fund the balance of the cost of, the Ranger Project Area rehabilitation;
- continue engaging with relevant Government authorities and other relevant stakeholders in relation to applying for a new section 41 Authority under the Atomic Energy Act, the receipt

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<sup>8</sup> The ultimate cost of rehabilitation works and the timing of those costs is necessarily uncertain. Costs may vary depending on factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions.



- of necessary approvals for a revised Mine Closure Plan and arrangements concerning the Trust Fund; and
- fund costs relating to challenging the decision not to renew the Jabiluka Mineral Lease and holding and other costs associated with the renewal of the Jabiluka Mineral Lease (including upholding obligations under the Jabiluka Long Term Care and Maintenance Agreement).

### Shortfall Facility

Eligible Shareholders, other than Rio Tinto, who take up their entitlement in full may also apply for additional New Shares (**Additional New Shares**) at the Offer Price in excess of their entitlement under the following shortfall facility arrangements (**Shortfall Facility**). The allocation of any Additional New Shares under the Shortfall Facility will be limited to the number of New Shares for which valid applications for entitlements are not received before the Entitlement Offer closes. If the Shortfall Bookbuild (see below) does not clear above the Offer Price,<sup>9</sup> Eligible Shareholders applying for Additional New Shares will receive Additional New Shares applied for in preference to any third party investor applications.

Euroz Hartleys Limited (**Euroz Hartleys**) has been appointed as broker to the Entitlement Offer to undertake a back-end shortfall bookbuild (**Shortfall Bookbuild**) of any New Shares (**Shortfall Shares**) by offering for sale the entitlements (**Shortfall Entitlements**) for which valid applications are not received from Eligible Shareholders (or persons to whom their entitlements have been renounced) before the Entitlement Offer closes. Euroz Hartleys will invite applications from institutional and/or sophisticated investors for the Shortfall Shares, at an issue price that is not less than the Offer Price.<sup>10</sup> As noted above, if the Shortfall Bookbuild does not clear above the Offer Price, Eligible Shareholders applying for Additional New Shares will receive Additional New Shares applied for in preference to any third party investor applications.

In accordance with ASX Listing Rule 10.11, Rio Tinto will not be able to apply for Additional New Shares under the Shortfall Facility or to bid to acquire entitlements pursuant to the Shortfall Bookbuild without the approval of ERA shareholders. ERA is not proposing to seek the approval of ERA shareholders for this purpose. This means Rio Tinto will not be issued New Shares in excess of its entitlement.

ERA has appointed Euroz Hartleys as nominee to sell the entitlements which would otherwise have been offered to those ERA shareholders as at the Record Date who are not Eligible Shareholders (**Ineligible Shareholders**) if they were eligible to participate in the Entitlement Offer.

If there is a viable market for entitlements, these entitlements will be sold by Euroz Hartleys to eligible investors (as outlined above), with the net proceeds, if any, distributed to the Ineligible Shareholders proportionately.

### **Rio Tinto Intention Statement**

Rio Tinto's voting power could increase to up to 99.2468% in ERA following completion of the Entitlement Offer taking into account the binding pre-commitments and assuming no other shareholders (other than those who have pre-committed) participate and Shortfall Entitlements and Shortfall Shares are not taken up.

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<sup>9</sup> Note: Bids in the Shortfall Bookbuild involve a commitment to pay the Offer Price to receive the relevant New Shares and, to the extent the bid is at a premium to the Offer Price, that premium constitutes an amount payable for the Shortfall Entitlement.

<sup>10</sup> See previous note.



Rio Tinto is not permitted under the ASX Listing Rules to participate in the Shortfall Facility or in the Shortfall Bookbuild, and accordingly will not be issued any New Shares in excess of its entitlement.

As Rio Tinto's percentage holding in ERA may increase as a result of the Entitlement Offer, Rio Tinto have provided an intentions statement (attached to the Investor Presentation) in relation to ERA's business in accordance with Takeovers Panel Guidance Note 17.

In the event that Rio Tinto beneficially owns 90% or more of the shares in ERA, Rio Tinto would have the option to compulsorily acquire the remaining ERA shares under Part 6A.2 of the Corporations Act and has indicated an intention to do so if the option is available.

Noting that Rio Tinto's voting power could increase to up to 99.2468% following completion of the Entitlement Offer, Rio Tinto could subsequently seek to further increase its voting power in ERA, for instance by a subsequent acquisition of shares in ERA in reliance of the "creep" exception in item 9, section 611 of the Corporations Act which, should Rio Tinto choose to do so, may enable Rio Tinto to beneficially own 90% or more of the shares in ERA (subject to available liquidity).

**Entitlement Offer Timetable\***

The key dates for the Entitlement Offer are as follows:

<b>Event</b>	<b>Date</b>
Announcement of Entitlement Offer and ASX release of Investor Presentation	Thursday, 29 August 2024
ASX release of Offer Information Booklet, Cleansing Statement and Appendix 3B	Thursday, 29 August 2024
Ex-date	Monday, 2 September 2024
Entitlement trading on ASX begins on deferred settlement basis	Monday, 2 September 2024
Record date for eligibility in the Entitlement Offer	7:00pm Sydney time, Tuesday, 3 September 2024
Entitlement Offer opens	Thursday, 5 September 2024
Notice sent to Eligible Shareholders with weblink to access personalised Entitlement and Acceptance Form and the Offer Information Booklet	Thursday, 5 September 2024
Entitlement trading on ASX on normal settlement basis begins	Friday, 6 September 2024
Entitlements trading on ASX ends	4:00pm Sydney time, Thursday, 19 September 2024
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Friday, 20 September 2024



Event	Date
Last day to extend the Entitlement Offer closing date	Before 12.00pm Sydney time, Monday, 23 September 2024
Entitlement Offer closes	5:00pm Sydney time, Thursday, 26 September 2024
Announcement of results of Entitlement Offer	Tuesday, 1 October 2024
Determination of allocation under Shortfall Facility and Shortfall Bookbuild	Tuesday, 1 October 2024
Notification of shortfall under Entitlement Offer to ASX	Wednesday, 2 October 2024
Issue of New Shares under the Entitlement Offer and lodgement of Appendix 2A	Before 12:00pm Sydney time, Friday, 4 October 2024
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 7 October 2024

*\*ERA reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to withdraw or vary the dates of the Entitlement Offer at its discretion and without notice. In particular, ERA reserves the right to extend the closing date of the Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. ERA reserves the right to cancel the Entitlement Offer at any time prior to the allotment of New Shares.*

This announcement is approved by the Independent Board Committee of ERA.

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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 are 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.

### Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States.

This announcement may not be released or distributed in the United States.

### Forward Looking Statements

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions. They include but are not limited to statements pertaining to the outcome and effects of the Entitlement Offer and ERA's ability to meet its rehabilitation obligations (including ERA's estimates of the cost of meeting those obligations). Indications of, and guidance or outlook on, future earnings, financial position, rehabilitation obligations, performance and strategies are also forward looking statements.

Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all or entirely within the control of ERA and cannot be predicted by ERA. This includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, inflation rates, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. The weather at the Ranger Project Area may also affect ERA's ability to meet its rehabilitation obligations and the cost of meeting those obligations.

The ultimate cost of rehabilitation is uncertain. Costs may vary in response to factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions. Please refer to the Investor Presentation for an overview of the Key Risks in relation to an investment in New Shares and in ERA generally.

An inability to obtain sufficient funding to meet ERA's future rehabilitation obligations would have a material impact on ERA's business, financial performance and assessment as a going concern.



Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Investors are cautioned not to place undue reliance on forward-looking statements and none of ERA or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

To the maximum extent permitted by law, ERA and its directors, officers, employees, agents, associates and advisers disclaim any responsibility and undertake no obligation for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. To the maximum extent permitted by law, ERA and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to any forward-looking statements to reflect any change in ERA's financial condition, status or affairs, or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.