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CHIEF EXECUTIVE'S ADDRESS

ANNUAL GENERAL MEETING

4 May 2016

Acknowledgements:

Thank you Peter.

Before talking about our business I would like to acknowledge the Traditional Owners of the country on which our operation is situated, the Mirarr people. I'd also like to acknowledge the Larrakia people, the Traditional Owners of the land on which this meeting is taking place.

Overview:

As the Chairman has outlined, last year can best be described as a challenging one for ERA.

It was a year in which difficult decisions were taken in respect to the immediate future operations at Ranger. However, operationally, 2015 saw a lot of improvement for ERA.

In summary, our safety performance improved. We reached a number of key milestones in rehabilitation, our cash position strengthened considerably and we set some new records in production. All of this was completed as a result of the commitment and hard work of the ERA team.

This morning I'll outline each of these for you, starting with health and safety as always, which is a core value and underpins everything we do at ERA.



Health and safety:

Our team is committed to our goal of zero harm.

I am pleased that the Board has determined to form a Committee of the Board to apply an even greater focus on Health, Safety and Environment and to assist in the guidance, strategy and review of commitments and outcomes in these crucial areas.

2015 saw a solid improvement in ERA's safety record over the previous year. In fact in the first half of 2015, ERA recorded no reportable injuries. In the second half of the year ERA had three lost time injuries and one medical treatment case.

ERA measures safety by the All Injury Frequency Rate. This is a measure of all reportable injuries – lost time injuries, restricted work injuries and medical treatment cases for every 200,000 hours worked. Our All Injury Frequency Rate in 2015 was 0.67 for every 200,000 hours worked, down from an All Injury Frequency Rate of 1.27 in 2014.

We continue to focus on building a stronger culture in health and safety within the business through initiatives such as the MateSafe programme (introduced in 2014) which encourages peer to peer discussions on safe work.

In 2015, the focus was on two key areas – process safety and communication and engagement.

Following the failure of Leach Tank 1 in December 2013, a 24 month roadmap was set out to improve process safety at Ranger.

We made substantial progress in the implementation of our Process Safety Improvement Action Plan which has resulted in improved identification and monitoring of process safety hazards at Ranger. Some of the key initiatives which were introduced included training across the workforce to initiate cultural



change, the establishment of improved monitoring plans, the detailing and testing critical controls and the appointment of a dedicated Process Safety Specialist.

There has been a renewed focus on asset integrity, preventative maintenance and on-going testing of key infrastructure. This includes the use of ultrasonic technology and increased visual inspections which is well in excess of industry standards.

People:

Before I move on to rehabilitation I would like to give you a brief update on ERA's workforce which currently sits at 348 people. Within the business 17 per cent of employees are women and 13 per cent are indigenous. In 2015, ERA continued its apprenticeship programme with an intake of four apprentices. I am pleased to report that in the next couple of weeks we will welcome four new trade apprentices to Ranger for 2016. This will provide excellent training opportunities for the three women and one man who are about to become part of the team. ERA had an overwhelming response to the recruitment drive for these positions, and I am pleased to say three of the new apprentices are indigenous.

Our 'Pre Employment Programme' helped develop work-ready skills and accreditation for eight local indigenous men and women in 2015. We continued our support for the Education Partnership with local schools and the Northern Territory Department of Education. The partnership aims to improve education and employment outcomes for local community members.

The Company continues to support work experience and school-based apprenticeships for local students. In 2015, we engaged five school-based apprentices who combine part-time work at ERA their senior high school studies.

**Progressive rehabilitation:**

ERA has a strong commitment to rehabilitating the disturbed land at Ranger and Jabiluka and since 2012 we have invested more than \$405 million in rehabilitation and water management projects.

In 2015, we spent \$27 million on rehabilitation, making excellent progress in regards to Pit 1, Pit 3, water management and the revegetation of Jabiluka.

At Jabiluka, the remaining native saplings were planted over the disturbed areas bringing the total number of saplings planted over the decade to 16,000. The team is now engaged in ongoing weed, fire and water quality management at the site.

Turning to Pit 1, which was depleted 20 years ago. After intermittent work throughout the years on filling Pit 1 with tailings, ERA commenced Pit 1 closure works in 2012. We installed 7,700 dewatering wicks and placed the capping material which has allowed the conversion of the pit from a process water catchment to a pond water catchment. The final stages in the capping of the pit took place in 2015 with earthworks to lay an impervious layer of laterite over the tailings mass surface completed. The next step will be to cover this laterite with a thick layer of waste rock which will be land formed and revegetated.

Rehabilitation works on Pit 3 continued to progress in parallel with the work on Pit 1. The approach the ERA team has taken in the rehabilitation of Pit 3 is quite innovative and cutting edge in terms of uranium mining. The back filling of Pit 3 was not simply a material movement exercise to fill the void. It was an engineered backfill which was constructed in a specific manner with select materials to provide space for brine injection. The drainage system will serve as long-term storage of brine from the brine concentrator operations. During 2015, mill tailings began to be deposited directly into Pit 3 through a pipeline from the plant. This was followed by tailings from the Tailings Storage Facility

being deposited into Pit 3 as the special-purpose dredge was commissioned and began operating as designed.

The dredge is a key tool in the rehabilitation effort. The 27 metre custom built stainless steel dredge works in tandem with a smaller workboat which serves as a maintenance vessel. Both were constructed on the Gold Coast, before being dismantled, transported to Ranger and reassembled. Over the next five years, the dredge will remove some 26-million cubic metres of mine tailings and deposit them into Pit 3.

Water management is a large part of the rehabilitation programme at Ranger.

The tailings and brine management project achieved significant progress by the end of 2015. The brine concentrator, which is used to treat process water, has demonstrated that it can operate at the desired rate. Work to maximise plant availability and address various technical issues is ongoing. As well as the commissioning of the dredge and associated infrastructure, the brine transfer pumping and injection infrastructure was constructed. This will enable the concentrated waste stream from the brine concentrator to be injected into the base of Pit 3.

ERA is currently in the process of developing closure criteria for the mine and in 2015 continued to work with the key stakeholders to develop and define this. In accordance with the existing Ranger Authority, all mining and processing activities at Ranger must cease by January 2021 and rehabilitation must be completed by January 2026.

Effective and timely rehabilitation is important to ERA and our stakeholders. We continue to progress activities and demonstrate our commitment to our stakeholders, the land and local environment and to ensure our ongoing licence to operate.

**Credit facility:**

ERA's commitment to funding progressive rehabilitation has been reinforced by the \$100 million credit facility entered into with our major shareholder Rio Tinto last Friday. The credit facility provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios.

Under current assumptions relevant to ERA's cash position and having regard to the expected years of future production, the Company expects to have sufficient financial resources to fully fund its rehabilitation programme.

Operations:

Turning to our operational performance, the last year has seen a solid performance in production and a focus on the continued safe return of critical assets to service.

ERA produced 2,005 tonnes of uranium oxide in 2015, compared with 1,165 tonnes the year before. Production in 2014 was impacted by the suspension of processing following the failure of Leach Tank 1 in December 2013.

We treated almost 2.5 million tonnes of ore during the year using four of the original seven leach tanks at Ranger.

In the fourth quarter of 2015, the processing team achieved a record quarterly run rate of ore through the plant.

We achieved milling rates of 306 tonnes per hour, and this demonstrated strong milling plant performance associated with ERA's preventative maintenance programme.

In October, the Clarifier Tank was returned to service which helped improve recovery. It had been offline for two years. The laterite plant was recommissioned in 2015 and is performing in line with its planned capacity.



There has been a sustained focus on preventative maintenance and asset integrity during the year, which has resulted in strong plant utilisation. We are planning to return to service one additional leach tank in the first half of 2016 which will bring to five the number of leach tanks on line. This will support the optimisation of the extraction process, not only for normal operations but for when there are maintenance shut downs on the other leach tanks.

Production guidance for 2016 is for between 1,900 and 2,300 tonnes of uranium oxide.

Cash Management:

ERA ended 2015 in a stronger cash position, recording a net cash increase of \$72 million for the period. The Company achieved positive cash flow generation of \$120 million from the production and sale of uranium oxide. This was the result of a determined focus on maximising cash flow from stockpiled ore processing, lower exploration expenditure, the completion of key rehabilitation milestones and a favourable foreign exchange rate. We also continued to benefit from our long-term marketing strategy that delivered an average realised price of US\$15 per pound in excess of the average spot price in 2015. Our cash flow performance has also benefited from the decline in the Australian dollar which weakened significantly over the year.

Our focus on managing our cost base has remained relentless. We have successfully delivered a suite of initiatives over the past 18 months, which have delivered good results for ERA. A key focus for the business is to offset decreasing stockpiled ore grade, through productivity improvement and efficient management of our cost base to sustain positive cash flow performance into the future. Prices for consumables such as diesel, acid, lime and other products used in processing reduced on average by at least 15 per cent in 2015 relative to 2014. We have implemented additional cost controls across the business with all parts of our organisation focussed on doing more



with less, without compromising the health and safety of our employees, contractors, community and the local environment. We expect cost and cash management to continue to remain central to our approach in the coming years.

In terms of exploration and evaluation activities, ERA spent \$9 million on the completion of the final stages of the Ranger 3 Deeps prefeasibility study and additional studies and no money on exploration. Capital expenditure of \$12 million mostly related to water management activities and sustaining capital and remained consistent with the previous year. Rehabilitation expenditure of \$27 million focussed on the construction and commissioning of the special-purpose dredge to transfer tailings to Pit 3, as well as the capping of Pit 1 and brine management. Overall, ERA has continued to generate cash from the processing of stockpiles and continues its focus on cash preservation.

Our financial position strengthened considerably during the year. We ended the year with \$433 million in total cash resources, consisting of \$365 million in cash at bank plus \$68 million which is held by the Commonwealth Government as part of the Ranger Rehabilitation Trust. ERA has no debt.

The rehabilitation provision for 2015 remained relatively stable in the year with a provision of \$509 million reported at 31 December 2015, compared with the provision of \$512 million at the end of 2014.

Future Supply:

Looking to the future, ERA owns three main assets. They are the Ranger stockpiles, Ranger 3 Deeps resource and Jabiluka Mineral Lease.

In 2015 ERA carried out a review of the mine plan for the ore stockpiles at Ranger. This resulted in an increase of the reserves of stockpiled ore of 4,177 tonnes of uranium oxide, mainly as a consequence of lowering the cut-off grade from 0.08 per cent to 0.06 per cent of uranium oxide. We have



progressively assessed and optimised the mine plan for stockpiled ore and our cost structure associated with ore processing. Taking into account the depletion of 2,518 tonnes of uranium oxide in 2015, this had the net effect of increasing the ore reserves of uranium oxide for the Ranger stockpiles to 10,383 tonnes at 31 December 2015. As a result, under current economic assumptions, the mine plan which supports this reserves statement assumes that the processing of stockpiled ore is viable until late 2020.

In June 2015, ERA announced that the Ranger 3 Deeps project will not progress to a final feasibility study in the current operating environment. This was due to two main factors, namely, that the uranium market had not improved as ERA previously expected and there was uncertainty regarding the direction of the uranium market in the immediate future. In addition, the economics of the project required operations beyond the current Ranger Authority which expires in 2021.

In July, we updated the Ranger 3 Deeps mineral resource based on the economics of the prefeasibility study. The updated resource model equates to 43,858 tonnes of uranium oxide.

Care and maintenance activities continue for the Ranger 3 Deeps decline and the associated infrastructure, at a cost of approximately \$4 million per annum.

The Jabiluka Mineral Lease remains under long term care and maintenance. Since entering into the Long Term Care and Maintenance Agreement, the reporting of Jabiluka ore reserves and mineral resources has been grandfathered under the reporting requirements of the 2004 JORC Code.

During the year ERA determined that the 2015 Jabiluka ore reserves and mineral resources statement should be updated in line with the 2012 JORC Code, to reflect updated assumptions in relation to the economic, technical,



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environment, approvals and communities' aspects of the resource. As a result, ERA has written back all Jabiluka ore reserves to mineral resources.

Previously identified Jabiluka ore reserves of 67,700 tonnes of uranium oxide have now been re-classified as mineral resources and consequently Jabiluka mineral resources have been updated to 137,107 tonnes of uranium oxide at a cut-off grade of 0.2 per cent uranium oxide.

Conclusion:

ERA is continuing to focus on environmental protection and the health and safety of all stakeholders, whilst maximising value for all shareholders.

While the short term outlook is challenging, the long-term outlook remains positive for the uranium market.

2015 produced a strong improvement in safety, excellent production results, strong cash generation and many milestones in progressive rehabilitation.

The updated mine plan and reserves and resources statement means processing from stockpiled ore can potentially be sustained until the end of 2020.

The strategic review announced today sets out the three main priorities for the company in the near term.

They are: our commitment to continuing progressive rehabilitation, maximising cash flow from the processing of stockpiled ore and preserving the option for future development of Ranger 3 Deeps.

The management team will now be engaged in executing those priorities to the highest of standards.

Thank you for your time.