



ERA Energy Resources of Australia Ltd

2016 Half Year Results Additional Information for the Financial Community

24 August 2016





Forward-looking statements

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Forward-looking statements

This presentation includes forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding ERA’s financial position, business strategy, plans and objectives of management for future operations (including development plans, rehabilitation estimates and subjectives relating to ERA’s products, production forecasts and reserve and resource positions), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of ERA, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding ERA’s present and future business strategies and the environment in which ERA will operate in the future. Among the important factors that could cause ERA’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, adverse weather conditions, levels of actual production during any period, levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on sales revenues, market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation and such other risk factors identified in ERA’s most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this presentation.

Nothing in this presentation should be interpreted to mean that future earnings per share of ERA will necessarily match or exceed its historical published earnings per share.

All currency mentioned in this presentation is in Australian dollars unless otherwise stated.

Competent Persons

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2015 Annual Statement of Reserves and Resources which was released to the market on 28 January 2016 and is available to view at <http://www.asx.com.au/asxpdf/20160128/pdf/434mvv710j6nhn.pdf>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



Acknowledgement of Traditional Owners

The operations of Energy Resources of Australia Ltd (ERA) are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park

ERA respectfully acknowledges the Mirarr, Traditional Owners of the land on which the Ranger mine is situated



Agenda

- **Strategic priorities**
- **Health and safety**
- **Market outlook**
- **H1 2016 operational performance**
- **H1 2016 financial performance**
- **Progressive rehabilitation**
- **Stakeholder engagement**
- **Summary**



Focus on three near term strategic priorities

Three near term priorities determined as an outcome to the strategic review in May 2016

Near term strategic priority

Continue the progressive rehabilitation of the Ranger Project Area

Maximise the generation of cash flow from the processing of stockpiled ore

Preserve the option for the future development of Ranger 3 Deeps

H1 2016 outcomes

- Completion of capping of Pit 1
- Notification for bulk backfill to Pit 1 submitted
- Commissioning of dredging infrastructure
- Rehabilitation provision of \$507 million

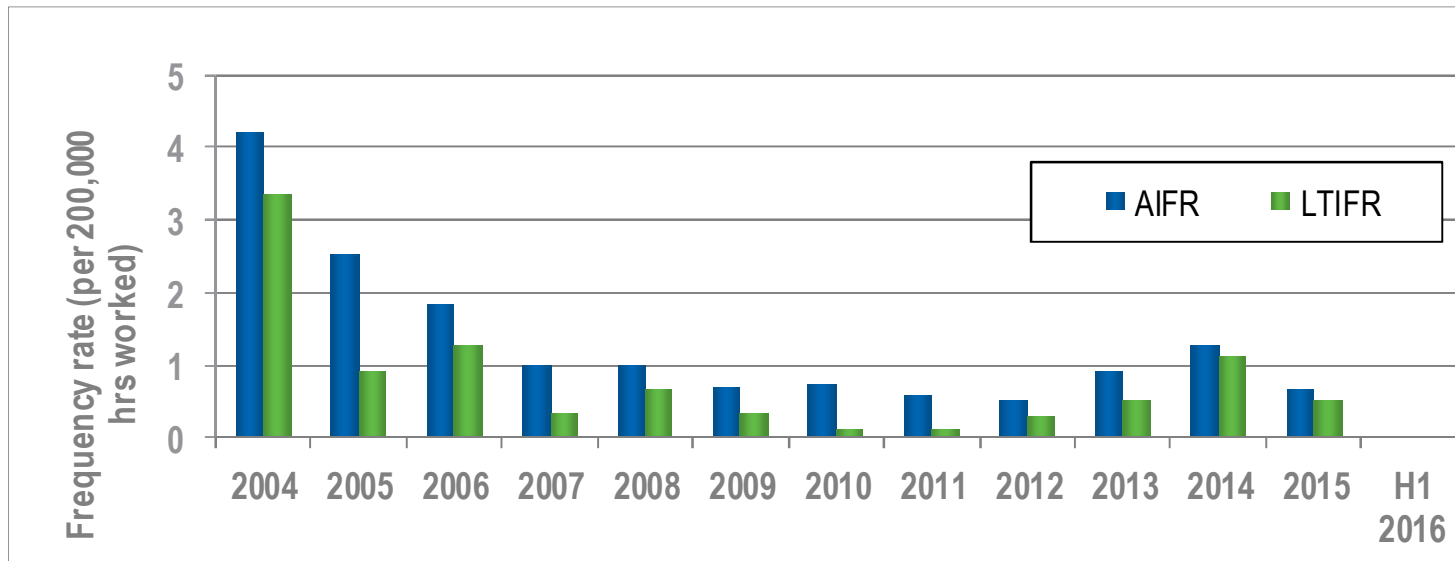
- Produced 1,082 tonnes of uranium oxide
- Net cash flow of \$18 million
- Total cash resources of \$453 million¹

- First half of 2016 care and maintenance costs on budget
- Review of long term care and maintenance options commenced



Health and safety

Demonstrated commitment to the health and safety of our teams, community and environment in which we operate

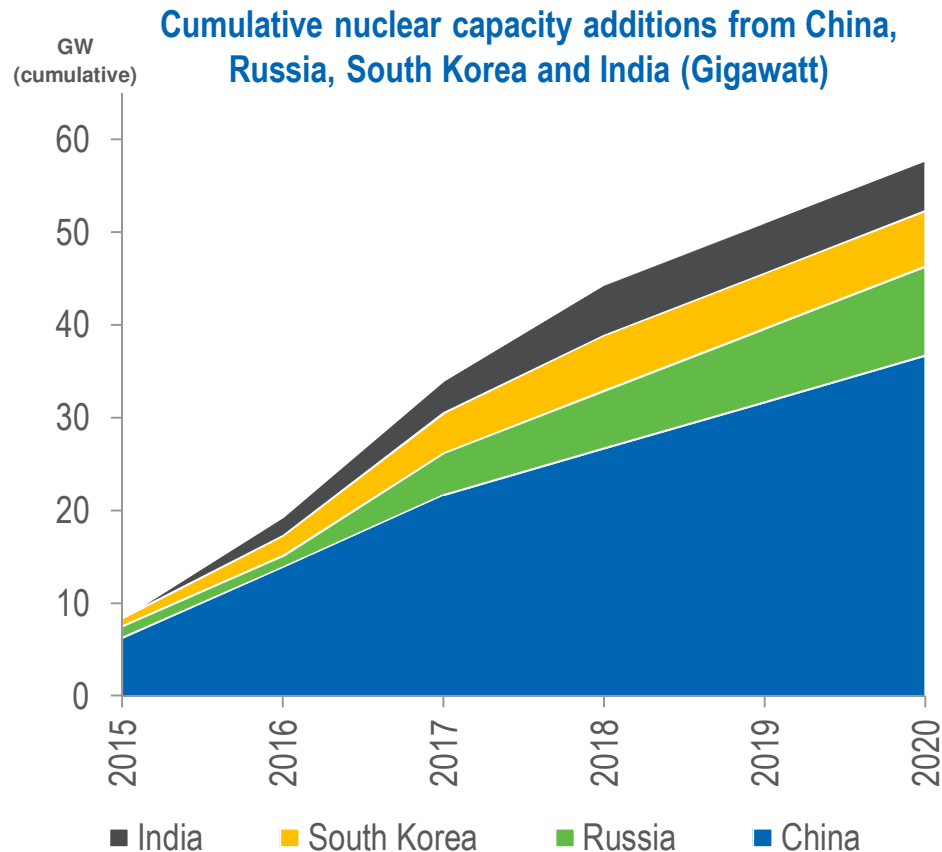


- No reportable injuries in year to date.
- Health and safety initiatives have focused on:
 - Implementation of the Process Safety Improvement Action Plan
 - Rollout of Critical Risk Management programme



Uranium market outlook

Whilst spot prices weakened in the first half, a long term market recovery remains in sight



Source: Macquarie Research, May 2016; ERA analysis

Oversupply impacting spot market

- Market remains in oversupply in 2016
- High global inventories
- Pace of reactor restarts in Japan a key factor

Longer term outlook is positive

- Global energy policies supportive of long-term demand growth
- Future demand growth to be principally driven by China, Russia, South Korea and India
- Low price environment may constrain investment in new mine developments

Rebalancing expected over time

- Demand is forecast to exceed supply over time and drive a uranium price recovery²
- ERA's achievement of a uranium price premium has provided insulation from weak spot market conditions



Operational performance

Strong operational performance in first half

| Mill Operation | H1 2016 |
|--|---------|
| Ore milled ('000 tonnes) | 1,323 |
| Recovery (%) | 85.1 |
| Mill head grade (% U_3O_8) | 0.10 |
| Tonnes produced (U_3O_8) | 1,082 |
| Pounds (000 lbs) produced (U_3O_8) | 2,385 |

- Mill continued to perform in line with planned capacity
- All ore milled was taken from existing stockpiles
- Strong plant utilisation as a result of well embedded maintenance strategies
- Sustained focus on asset integrity and preventative maintenance
- Production guidance for 2016 unchanged at 1,900 tonnes to 2,300 tonnes



ERA haul truck passes through the ore discriminator



Half year financial performance

Ranger continues to generate positive cash flow despite industry headwinds

| | H1 2016 | H1 2015 |
|--|------------|------------|
| Cash flow – (\$A million) | | |
| • Opening cash balance | 365 | 293 |
| • Cash flow generated ³ | 30 | 36 |
| • Exploration and evaluation expenditure | - | (7) |
| • Capital expenditure (net of disposals) | (2) | (7) |
| • Rehabilitation expenditure | (10) | (15) |
| • Closing cash balance | 383 | 300 |
| Sales | | |
| • Revenue from sales (\$A million) | 154 | 174 |
| • Sales volume (tonnes) | 1,148 | 1,245 |
| • Average realised price (US\$/lb) | 44.68 | 49.14 |
| • Realised exchange rate (USD/AUD) | 0.73 | 0.77 |

• Strong cash position

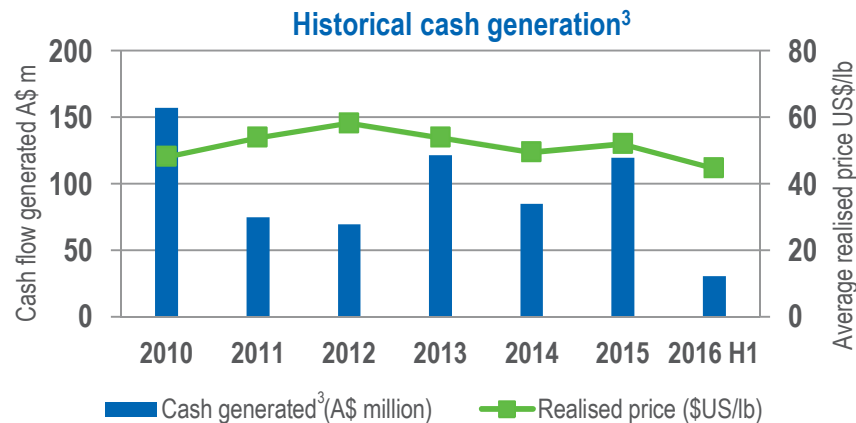
- Cash flow generated \$30 million³ from production and sale of uranium oxide and positive overall cash flow of \$18 million in first half of 2016
- Total cash resources of \$453 million (inclusive of \$70 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund)
- Long term financial position underpinned by \$100 million credit facility agreement with Rio Tinto

• Uranium price premium sustained in first half of 2016

- Achieved average realised price of US\$44.68 per pound representing a US\$15 per pound premium to the average spot price for the half year
- Achievement of price premium underpinned strong cash flow performance in the first half

• Continued focus on cash conservation

- Continued delivery of optimised stockpiles mine plan
- Focus on reducing costs to sustain production through to 2020



³Cash flow generated is a non-IFRS measure and represents receipts from customers (incl. GST), net interest and foreign exchange, less payments to suppliers (incl. GST). It excludes payments for exploration and evaluation and rehabilitation which are included in the total of cash flows from operating activities. Refer consolidated cash flow statement (Appendix 4D for respective periods). www.energyres.com.au

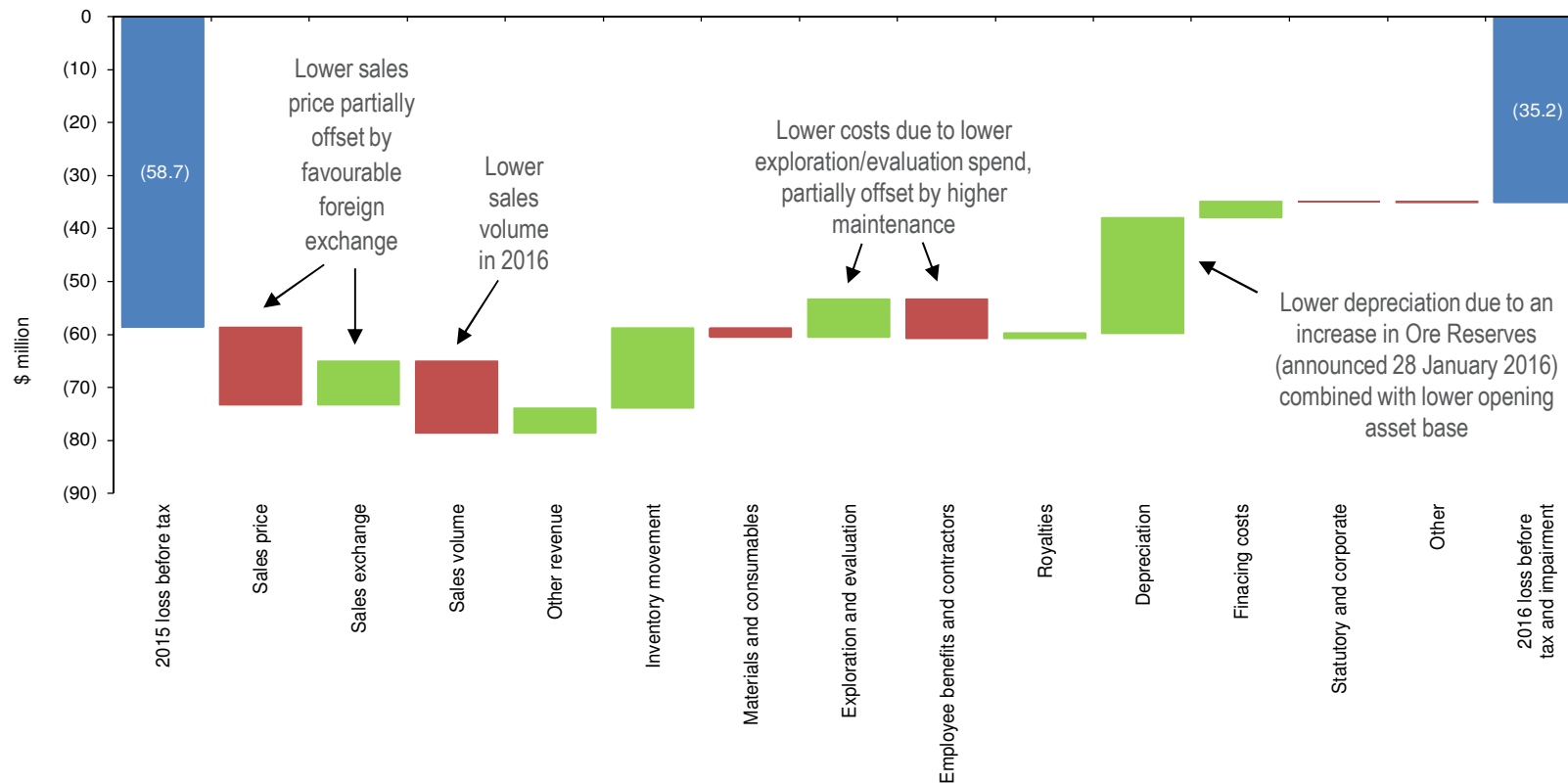


First half earnings performance

Earnings adversely impacted by \$161 million non-cash impairment charge in H1 2016

| | H1 2016 | H1 2015 |
|--|---------|---------|
| Earnings (\$A million) | | |
| • Net profit/(loss) before tax and impairment | (35) | (59) |
| • Net profit/(loss) before tax | (197) | (59) |
| • Net profit/(loss) after tax | (197) | (255) |
| Earnings before interest, tax, depreciation, amortisation and impairment | (11) | (12) |

Pre-tax and impairment earnings variances – H1 2016 versus H1 2015 (A\$ million)





Delivering progressive rehabilitation commitments

- **\$415 million spent on rehabilitation and water management projects since 2012**
 - Rehabilitation spend of \$10 million in the first half of 2016
 - Rehabilitation provision at 30 June 2016 is \$507 million
 - Expected spend on rehabilitation activities in 2016 of \$31 million
- **Dredging of the Tailings Storage Facility at Ranger**
 - Dredge was commissioned and ramped up to full capacity in the first half
- **Jabiluka site rehabilitation**
 - Monitoring and maintenance ongoing
- **Capping of Pit 1**
 - Completed laterite capping of Pit 1
 - Submitted notification to stakeholders to commence bulk backfilling



Laterite capping of Pit 1



Regular engagement with key stakeholders

ERA's operations are located on Aboriginal land, are surrounded by Kakadu National Park and significantly underpin the Alligator Rivers regional economy. Regular engagement with key stakeholders is an important, ongoing part of our business.

- ERA regularly shares information with the Gundjeihmi Aboriginal Corporation about ERA's operations and engages on matters of mutual interest such as minesite rehabilitation and the future of the region. Relationship Committee meetings are held quarterly with the Mirarr Traditional Owners
- Regular meetings are held with regulators, Traditional Owner representatives and other key stakeholders regarding the Ranger closure planning process, progressive rehabilitation, environmental management and safety
- ERA engages with the Supervising Scientist and other government agencies to ensure the area surrounding the mine is not impacted by ERA's operations
- Community meetings provide information to business leaders about a range of operational and community matters
- ERA provides direct and in-kind support to a range of community initiatives in the West Arnhem region



General Manager, Operations Tim Eckersley delivers an update to Jabiru business leaders



Summary

- Continued focus on all aspects of health, safety and environment
- Long term outlook for the uranium market continues to be positive
- Strategic business review completed
- Production of 1,082 tonnes of uranium oxide
- Cash position improved by \$18 million to \$383 million
- \$100 million credit facility agreement with Rio Tinto
- Non-cash impairment charge of \$161 million
- Focus on reducing costs to sustain production through to 2020
- Progressive rehabilitation programme on track
- Continued engagement with key stakeholders



Dredging the Tailings Storage Facility