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ASX Announcement

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Significant investment in process water management and treatment at Ranger

After completing considerable studies and field trials over a number of years, Energy Resources of Australia Ltd (**ERA**) has today announced a significant investment in process water management and treatment at Ranger. An amount of \$80 million has been approved to conduct a feasibility study on the installation of a brine concentrator with the capacity to treat up to 1.8 Gigalitres of process water per year, and for the procurement of long lead time items required for the project.

The past decade has been the wettest on record. Since 1999, Ranger has encountered five of the six highest recorded wet seasons. From 1 September 2010 to 28 April 2011, Ranger received 2,423 millimetres of rainfall which is the third highest recorded wet season. These heavy wet seasons have further increased the process water inventory at Ranger.

In January 2011, ERA announced a temporary suspension of processing operations for a period of 12 weeks as a precautionary measure to help ensure that water levels in the Tailings Storage Facility (**TSF**) remained below the authorised operating level. This suspension was recently extended to late July 2011, dependent on future rainfall, in order to allow the reduction of total process water inventory at Ranger.

ERA considers that the brine concentrator technology is the most effective long term method to treat and reduce process water inventory at Ranger. Brine concentrators use thermal energy to evaporate water, which is subsequently condensed and discharged as clean distilled water. This proven technology is scientifically and environmentally sound and will provide Ranger with further capacity to handle the impacts of future heavy rainfall events.

The brine concentrator feasibility study is scheduled for completion in the first quarter of 2012 with an investment proposal for the supply and installation of the brine concentrator and associated infrastructure to be considered by the Board shortly thereafter. The total capital expenditure for the brine concentrator project (including the \$80 million in funding approved today) is presently estimated to be \$220 million, the majority of which will be incurred in the next two years. If approved, the brine concentrator is expected to be commissioned and fully operational in the second half of 2013.

Water management is a critical component of ERA's operational and rehabilitation plans for Ranger. In addition to the brine concentrator feasibility study, ERA is conducting a parallel study into the long term management and storage of salts generated by the brine concentrator water treatment process. Details of this study will be announced on its completion.

The advancement of the brine concentrator project follows the recent implementation of a number of water management initiatives at Ranger including:



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- the construction of a three metre lift to the walls of the TSF which is expected to be completed by the end of 2011 at an expected cost of \$46 million; and
- the hiring of additional pond water treatment equipment to reduce the water level in Ranger Pit 3 caused by the near record rainfall during the 2010/2011 wet season, with installation to commence from May 2011, at an expected cost of \$10 million.

In conjunction with the significant work being carried out in relation to water management and treatment, ERA continues to work on detailed rehabilitation plans for the Ranger mine. Work on these plans is expected to be completed within the next 18 months. At this stage, it is likely that the estimated rehabilitation costs will increase from the estimate outlined in ERA's 2010 Annual Report, however, the amount of the increase is uncertain and will not be known until completion of this work.

This significant investment in water management and treatment at Ranger is a critical step to ensure that ERA meets its regulatory commitments and provides further evidence of ERA's commitment to environmental best practice.

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