Energy Resources of Australia Ltd

2016 Full Year Results
Additional Information for the Financial Community

31 January 2017

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 Person

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2016 Annual Statement of Reserves and Resources which was released to the market on 31 January 2016 and is available to view at http://www.asx.com.au/asxpdf/20170131/pdf/43fncy6lg71253.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
- 2016 operational performance
- 2016 financial performance
- Progressive rehabilitation
- Stakeholder engagement
- Summary

Focus on three near term strategic priorities

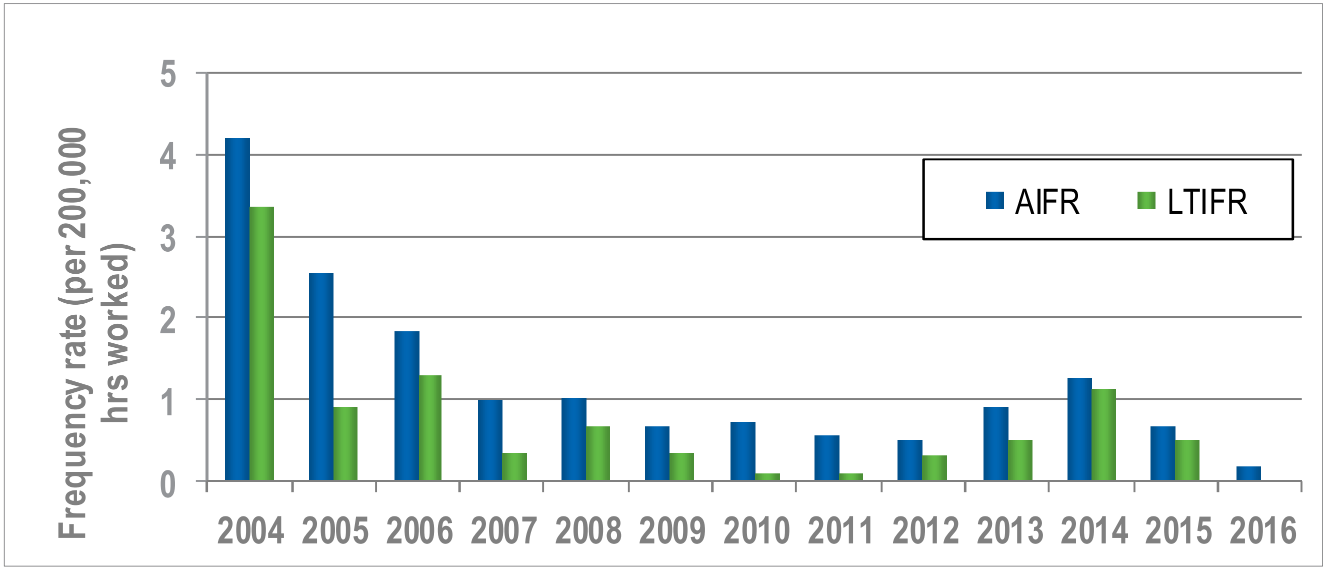
Three near term priorities determined as an outcome to the strategic review in May 2016

Near term strategic priority	2016 outcomes
Continue the progressive rehabilitation of the Ranger Project Area	– Completion of laterite capping of Pit 1 – Notification for bulk backfill to Pit 1 submitted – Commissioning of dredging infrastructure – Rehabilitation provision of $511 million
Maximise the generation of cash flow from the processing of stockpiled ore	– Produced 2,351 tonnes of uranium oxide – Net cash flow of $30 million – Total cash resources of $466 million[1]
Preserve the option for the future development of Ranger 3 Deeps	– 2016 care and maintenance costs on budget – Review of long term care and maintenance options commenced

[1] Comprising $396 million cash at bank and $70 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund.

Health and safety

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



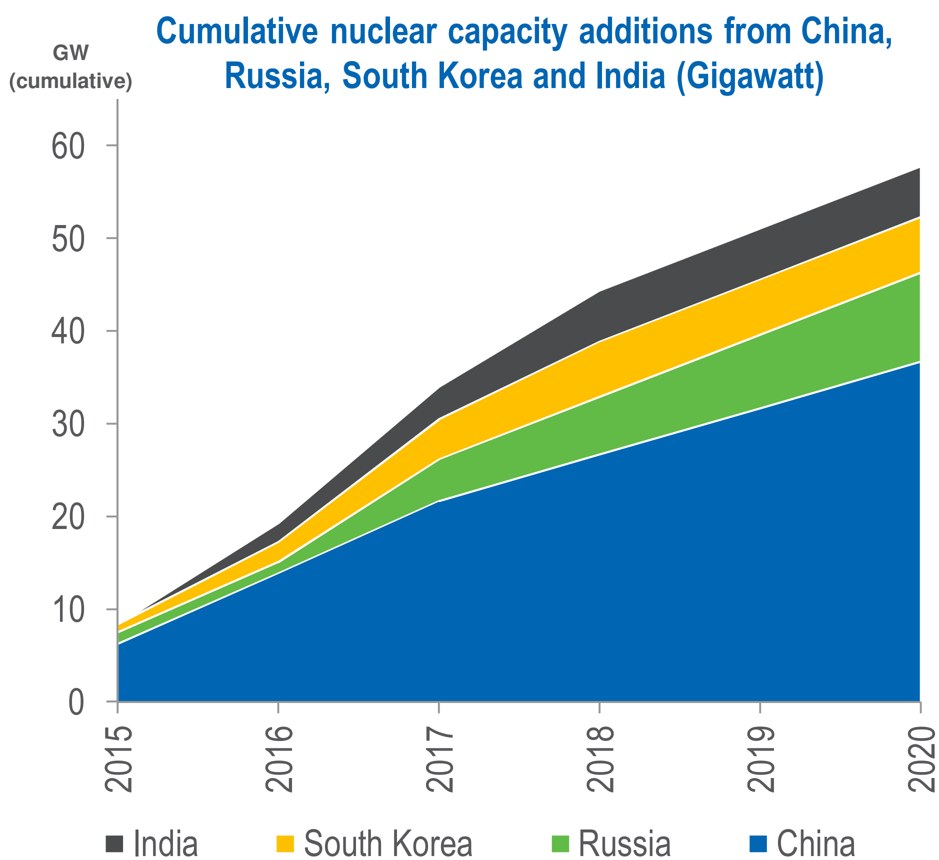
– Record safety performance with no Lost Time Injuries in 2016

– 2016 health and safety initiatives have focused on:
  – implementation of the Process Safety Improvement Action Plan
  – rollout of Critical Risk Management programme
  – increased leader presence in the field

– The focus for 2017 is to further embed key health and safety initiatives including:
  – the Critical Risk Management programme
  – increase mental health awareness
  – coaching to improves safety leadership capacity

Uranium market outlook

Whilst spot prices weakened throughout 2016, a long term market recovery remains in sight



Source: Macquarie Research, May 2016; ERA analysis

Oversupply impacting spot market

- Market oversupply underpinned deterioration in uranium prices in 2016
- Global uranium inventories remain high
- Kazakh announcement of 10 per cent supply reduction in 2017 a positive development

Longer term outlook is positive

- Future demand growth to be principally driven by China, Russia, South Korea and India
- Low price environment may constrain investment in new supply and hasten mine curtailments

Rebalancing expected over time

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

Operational performance

Production guidance for 2017 of between 2,000 tonnes to 2,400 tonnes

Mill Operation	2016
Ore milled ('000 tonnes)	2,728
Recovery (%)	84.9
Mill head grade (% U_3O_8)	0.10
Tonnes produced (U_3O_8)	2,351
Pounds (000 lbs) produced (U_3O_8)	5,183

- Production result underpinned by higher mill throughput, recoveries and consistent ore grades
- Strong plant utilisation as a result of well embedded maintenance strategies
- Sustained focus on asset integrity and preventative maintenance contributed to robust operational performance in 2016
- All ore milled was taken from existing stockpiles of low grade ore
- Production guidance for 2017 of between 2,000 tonnes to 2,400 tonnes

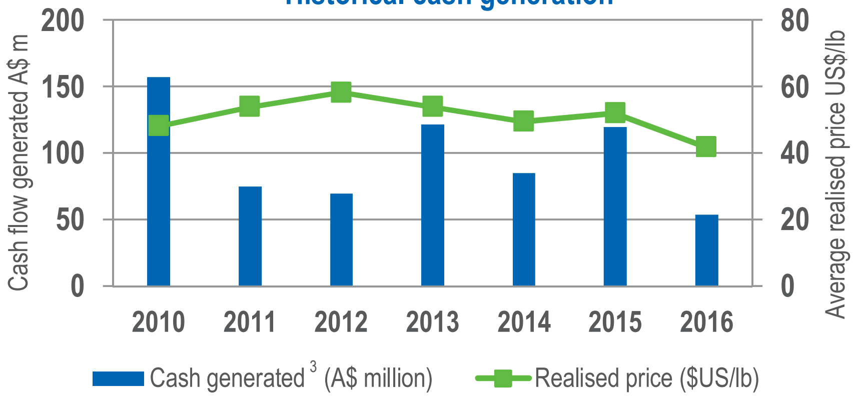
Stockpiled ore is loaded onto a haul truck at Ranger

Full year financial performance

Ranger continues to generate positive cash flow despite industry headwinds

	2016	2015
Cash flow – ($A million)		
• **Opening cash balance**	**365**	**293**
• Cash flow generated[3]	54	120
• Exploration and evaluation expenditure	-	(9)
• Capital expenditure (net of disposals)	(3)	(12)
• Rehabilitation expenditure	(20)	(27)
• **Closing cash balance**	**396**	**365**
Sales		
• Revenue from sales ($A million)	268	333
• Sales volume (tonnes)	2,139	2,183
• Average realised price (US$/lb)	41.87	51.99
• Realised exchange rate (USD/AUD)	0.74	0.75

Historical cash generation[3]



- **Strong cash position**
  - Cash flow generated was $54 million[3] from the production and sale of uranium oxide. Overall positive cash flow of $30 million in 2016
  - Total cash resources of $466 million at 31 December 2016 (including $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 2016**
  - Achieved average realised price of US$42 per pound representing a US$16 per pound premium to the spot price
  - Achievement of price premium consistent with long-term marketing strategy and underpinned cash flow performance in the year
- **Continued focus on cash conservation**
  - Productivity and cost reduction focus supported financial performance and will be sustained into 2017
  - Objective is to maximise the generation of cash flow from the processing of remaining stockpiled ore

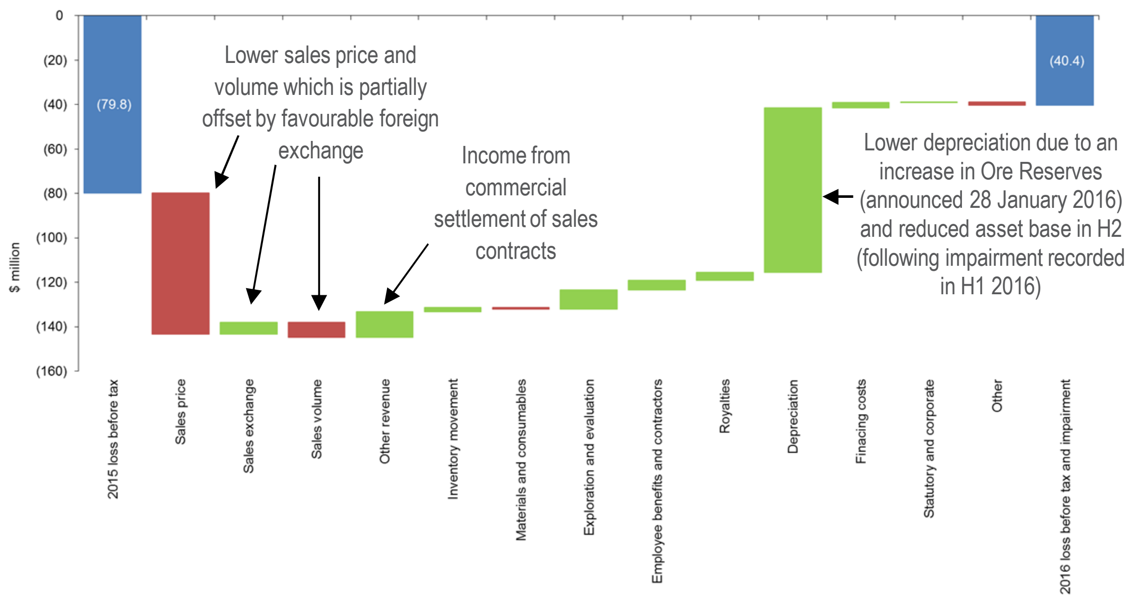
[3] Cash flow generated is a non-IFRS measure and represents receipts from customers (incl. GST), net interest and foreign exchange, less payments to suppliers (incl. GST). It excludes payments for exploration and evaluation and rehabilitation which are included in the total of cash flows from operating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

2016 earnings performance

Earnings adversely impacted by $231 million non-cash impairment charges in 2016

	2016	2015
Earnings ($A million)		
• Net profit/(loss) before tax and impairment	(40)	(80)
• Net profit/(loss) before tax	(271)	(80)
• Net profit/(loss) after tax	(271)	(275)
Earnings before interest, tax, depreciation, amortisation and impairment	(11)	24

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



- **Non-cash impairment charge recorded in 2016**
  - Non-cash impairment charge of $231 million in 2016 resulting from weakening in the uranium price outlook
  - Non-cash write-down of deferred tax asset of $197 million in 2015
- **Earnings also impacted by lower revenue and lower depreciation**
  - Chart shows key drivers of change in net loss (before tax and impairment) in 2016 relative to 2015
  - Key adverse variances are a weaker average realised price on uranium oxide sales and lower sales volumes
  - These are offset by favourable variances including foreign exchange, other income, and lower exploration and evaluation costs
  - Favourable variance to depreciation following changes to ore reserves and impact of impairment charges

Delivering progressive rehabilitation commitments

- **$425 million spent on rehabilitation and water management projects since 2012**
  - Rehabilitation spend of $20 million in 2016
  - Rehabilitation provision at 31 December 2016 is $511 million
  - Expected spend on rehabilitation activities in 2017 of $49 million
- **Dredging of the Tailings Storage Facility at Ranger**
  - Dredge was commissioned and ramped up to full capacity
- **Jabiluka site rehabilitation**
  - Monitoring and maintenance ongoing
- **Feasibility Study planned to commence in 2017**
  - ERA intends to commence a Feasibility Study for the Ranger rehabilitation programme in 2017
  - Study will increase the level of certainty over the continued execution of the rehabilitation programme between 2018 and 2026
- **Capping of Pit 1**
  - Completed laterite capping of Pit 1
  - Submitted notification to stakeholders in March 2016 to commence bulk backfilling

A tailings beach is forming in Pit 3 as part of the work to rehabilitate the pit

Regular engagement with key stakeholders

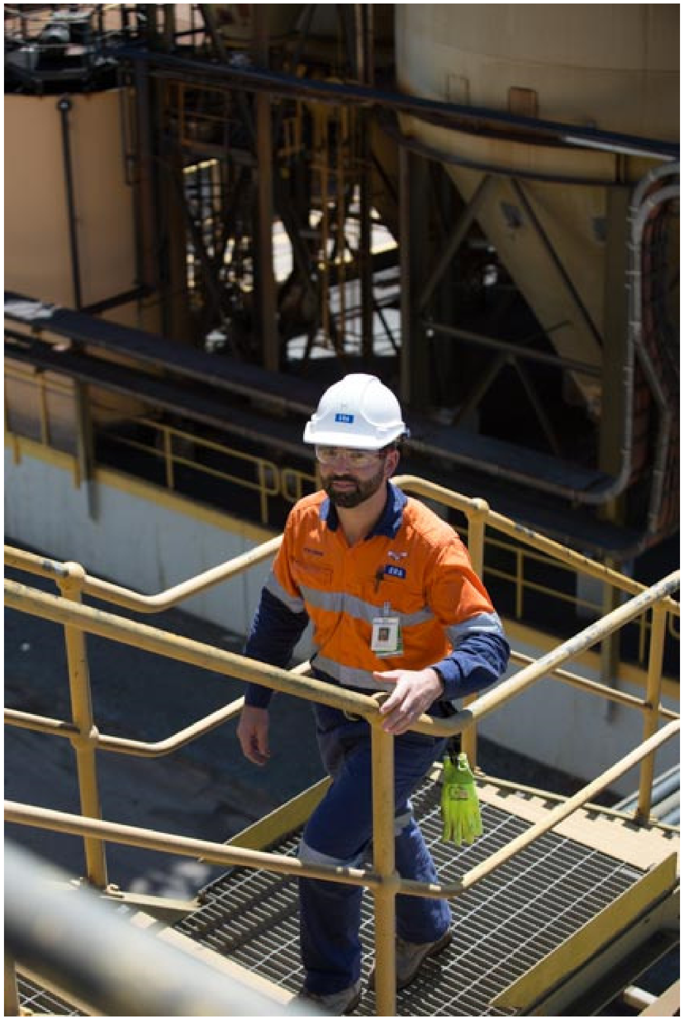
ERA's operations are located on Aboriginal land, are surrounded by Kakadu National Park and significantly underpin the Alligator Rivers regional economy. Regular engagement with key stakeholders is an important, ongoing part of our business.

- ERA commenced a Social Impact Assessment (SIA) for the town of Jabiru in 2016. The purpose of the SIA is to gather information from local residents and business owners to help ERA develop a transition and rehabilitation strategy for the town. Community consultations will continue to occur in early 2017
- 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. Relationship Committee meetings are held quarterly with the Mirarr Traditional Owners
- 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

The newly upgraded ERA Community Office in Jabiru showcasing the history and future of ERA

Summary

- Continued focus on all aspects of health, safety and environment
- Rebalancing of the uranium market will occur over time
- Strategic business review completed in May 2016
- Production of 2,351 tonnes of uranium oxide
- Net cash flow for the year of $30 million
- Total cash resources at 31 December 2016 of $466 million
- $100 million credit facility agreement with Rio Tinto
- Non-cash impairment charge of $231 million
- Focus on productivity improvement and cost reductions in order to sustain production through to late 2020
- Progressive rehabilitation programme continued
- Continued engagement with key stakeholders



Engineer in the Processing Area