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ASX Announcement

16 August 2017

REVISED SALES AND MARKETING AGREEMENT

- Energy Resources of Australia Ltd (**ERA**) has entered into a Revised Sales and Marketing Agreement with Rio Tinto Uranium (**RTU**) with effect from 1 January 2017.
- Under the Revised Sales and Marketing Agreement, ERA's allocation of existing RTU contracts is fixed. The allocation substantially aligns with remaining production volumes forecast from Ranger through 2021.
- Evaluation, negotiation and approval of the revisions to ERA's marketing arrangements were delegated by the Board to a Subcommittee of the Board comprised only of independent Directors.

ERA has entered into an Amended and Restated Agreement for the Sale and Purchase of Natural Uranium Concentrates (**Revised Sales and Marketing Agreement**) with Rio Tinto Marketing Pte Ltd (doing business as **Rio Tinto Uranium**), a wholly owned subsidiary of Rio Tinto plc.

As part of this process, ERA sought and obtained a waiver from ASX in relation to Listing Rule 10.1 (which applies to related party transactions).

Sales and Marketing Agreement entered into in 2014

In April 2014, ERA and RTU entered into an Agreement for the Sale and Purchase of Natural Uranium Concentrates (**2014 Agreement**).

Under the 2014 Agreement, uranium oxide produced by ERA at its Ranger mine is sold to RTU and pooled with uranium oxide produced from the Namibian operations of Rössing Uranium Limited (**RUL**), another partly owned subsidiary of Rio Tinto.

RTU markets the combined pool (as principal) to global uranium customers. The price received by ERA for sales into the combined pool is a weighted average sale price per pound based on the price received from customers by RTU for sales from the combined pool, less an arm's length marketing fee.

Revised Sales and Marketing Agreement

Under the Revised Sales and Marketing Agreement, ERA's allocation of existing contracts is fixed with effect from 1 January 2017. The allocation of existing contracts substantially aligns with ERA's current forecast of remaining production volumes in the 2017 to 2021 period. Fixing the allocation provides greater certainty over ERA's future revenue.



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The price received by ERA for sales will continue to be a weighted average sale price per pound based on the price received from customers by RTU, less an arm's length marketing fee.

The Revised Sales and Marketing Agreement provides a mechanism for the sale of ERA's production in excess of quantities required to satisfy the fixed allocation of existing contracts should ERA wish to utilise it.

Governance

ERA and Rio Tinto Uranium commenced formal discussions in relation to the Revised Sales and Marketing Agreement in December 2016.

Responsibility for the evaluation, negotiation and approval of the new arrangement was delegated by the ERA Board to a Subcommittee of the Board comprised only of independent Directors.

The Revised Sales and Marketing Agreement is subject to conditions precedent, including satisfactory completion of engagement on the revisions with the Commonwealth Government. Implementation of the Revised Sales and Marketing Agreement will commence as soon as all conditions precedent are satisfied.

About Energy Resources of Australia Ltd

Energy Resources of Australia Ltd (**ERA**) is one of the nation's largest uranium producers and Australia's longest continually operating uranium mine.

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than 35 years. During that time, Ranger has produced in excess of 120,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory.

ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

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