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CHIEF EXECUTIVE'S ADDRESS

ANNUAL GENERAL MEETING

11 April 2018

Acknowledgements

Thank you Peter.

Before I begin, I too 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.

Introduction

It was an honour to be appointed as your Chief Executive in August 2017. Since my appointment, I have seen firsthand the hard work and dedication of the ERA team of employees and contractors, working together to achieve our purpose, to provide clean energy to the world and, as a trusted partner, care for people and country.

Over the last nine months, I have had the pleasure of meeting Mirarr Traditional Owners on country to develop a deeper understanding of the cultural significance of the region in which ERA operates. It has also given me insight into their important role as one of our key stakeholders in local employment initiatives, progressive rehabilitation activities and future planning.



Overview

As noted by the Chairman, 2017 was a positive year for ERA, delivering strong results in terms of cash flow generation, operational performance, rehabilitation gains and support for workforce inclusion and diversity.

However, despite improvements in safety performance in the first half of 2017, a number of injuries during the second half prompted a 'whole of company' safety refocus.

This morning I'll address this and our 2017 performance outcomes in more detail.

Health and safety

ERA's number one focus remains on the safety of our people and the environment with the goal of zero harm. Safety, along with teamwork, respect, integrity and excellence, are all values which our ERA staff strives for every day.

ERA measures personal 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. With six injuries in 2017, our All Injury Frequency Rate was 1.17, which is a disappointing increase from 2016, with one injury and 2015 with four injuries. All injured persons involved in the incidents have since recovered and returned to work.

In response, we undertook a series of interventions and activities to raise awareness of safety and the importance of safety leadership. These initiatives included a new 'Stop and Seek Help' program and several workshops on other key safety issues.



During 2017 we continued to implement the Process Safety Management Plan and the Critical Risk Management program. This was supported by actions such as including identified critical risks into risk management documentation, critical learning from falling from heights incidents and the development of an ERA standard for Working on or Near Water and Scaffolding.

Last year ERA underwent a Rio Tinto Critical Risk Assessment audit which examined fire management, emergency response, critical risk scenarios, and critical spares.

In 2017, Ranger mine was chosen by Rio Tinto to work on a global pilot program for Health Risk Management. By sharing with others our techniques and experiences of working in extreme seasonal conditions, Rio Tinto has been able to develop a new heat stress checklist to safely manage exposure to thermal extremes. We also conducted a series of Mental Health First Aid training workshops and hosted Are You Ok? Day activities at our Darwin office and Ranger mine site.

People

Before I move on to operations, I would like to give you a brief update on ERA's workforce which as at 31 December was 341 full time equivalent employees including 68 contractors.

In 2017, ERA maintained a strong focus on Indigenous employment and continued to be a major employer in Jabiru and the West Arnhem region. Last year, the Indigenous employment rate was maintained at 13 per cent as ERA continued to provide employment opportunities for local Indigenous people through various programs.



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In 2017 ERA worked with local organisations and businesses to provide opportunities for eight participants in the pre-employment program, helping local people learn skills and gain accreditation to enable them to enter the workforce or find new local employment.

With an increased focus on inclusion and diversity, ERA saw female participation rates rise to 18 per cent. The ERA Ranger Women's Network was established providing networking and development opportunities for female employees and hosting several events throughout the year including fundraisers for local charities.

Operations

Turning to operations, ERA produced 2,294 tonnes of uranium oxide in 2017 from processing stockpiled ore, compared with 2,351 tonnes the previous year.

Plant throughput of 2.6 million tonnes of uranium ore was achieved through a consistent and sustained approach to optimised plant performance.

In May, Ranger completed its annual maintenance shutdown on time, on plan and with no safety incidents.

Tailings and brine management activities continued to achieve significant progress in 2017. The dredge transferred 3.7 million cubic metres of tailings from the Tailings Storage Facility to Pit 3 and a number of technical adjustments were made to the Brine Concentrator resulting in materially improved production output of 1,795 megalitres of distillate water; a record since its commissioning in 2013. The treated water is released into wetlands prior to being released off site.



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Production guidance for 2018 is between 1,600 and 2,000 tonnes of uranium oxide and will continue to be produced from existing ore stockpiles.

Financial performance

ERA ended 2017 with a positive cash flow from operating activities of \$8 million and an increase in total cash resources of \$2 million to \$468 million. This comprised \$395 million cash at bank and \$73 million held in the Ranger Rehabilitation Trust Fund. The Company has no debt.

Revenue from the sale of uranium oxide was \$211 million. During the year, the average spot price of uranium oxide fell to below US\$22 per pound. ERA continued to benefit from our long-term marketing strategy that delivered an average realised price of US\$34.75 per pound, approximately US\$13 per pound in excess of the average spot price in 2017.

ERA entered into a Revised Sales and Marketing Agreement with Rio Tinto Uranium with effect from 1 January 2017. Under the revised agreement, ERA's allocation of existing Rio Tinto Uranium contracts is fixed providing greater certainty over ERA's future revenue.

Cash costs for 2017 were lower than 2016, driven by ERA's focus on cash preservation and improved efficiencies. ERA's cash generation program continued to identify further opportunities for savings and efficiency improvements across the business in 2017. Work on pursuing additional opportunities will continue in 2018.



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Credit facility

The \$100 million credit facility entered into with our major shareholder Rio Tinto in 2016 remains and provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios.

Future supply

Looking to the future, ERA owns three principal assets namely, the stockpiles at the Ranger operation, the Ranger 3 Deeps resource and the Jabiluka Mineral Lease.

During 2017, the Ranger Ore Reserves decreased by 2,298 tonnes to 5,783 tonnes of uranium oxide primarily as a result of processing. All processed ore was sourced from either run of mine stocks or low grade stockpiles.

In June 2015, ERA announced that the Ranger 3 Deeps project would not progress to a final feasibility study. 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.

Given the market has seen little improvement since that time, the Ranger 3 Deeps decline and associated infrastructure has remained under care and maintenance. The Ranger 3 Deeps mineral resource based on the updated resource model equates to 43,858 tonnes of uranium oxide.

The Jabiluka Mineral Lease remains under long term care and maintenance in accordance with our agreement with the Traditional Owners. Jabiluka mineral resources, in line with the 2012 JORC Code, remain the same at



137,107 tonnes of uranium oxide at a cut-off grade of 0.2 per cent uranium oxide.

Stakeholder engagement and closure

Extensive stakeholder engagement is a continual and critical process at ERA, and we thank them for their ongoing support. Throughout the year ERA engaged with Traditional Owner representatives, regulators and other key stakeholders on a variety of issues including environmental management, safety, progressive rehabilitation and closure.

During 2017, ERA completed a Social Impact Assessment regarding Jabiru. The existing Jabiru town head lease will expire in 2021 and ERA has a range of rehabilitation obligations in the town which it must prepare for ahead of the lease expiring. The Assessment gathered information from local residents, business owners and Traditional Owners to help ERA develop a transition and rehabilitation strategy for the town.

A process involving the Commonwealth Government, Northern Territory Government and Traditional Owner representatives has commenced to develop and agree a future plan for Jabiru and ERA is supportive of the progress made to date.

Also in 2017, stakeholder consultation continued on the development of ERA's Ranger Mine Closure Plan for the Ranger Project Area. Based on scientific research by ERA and the Supervising Scientist Branch, the plan details how ERA will achieve closure and includes the rehabilitation work which has already been undertaken at Ranger for more than 30 years. Feedback from stakeholders has now been incorporated and ERA intends to publically release the plan shortly.



ERA also recognised that an increased focus on planning for end of Ranger processing and final rehabilitation would create some uncertainty for our workforce, so internal communication has increased and a new program called “My Future Plan” commenced. The program will enable ERA to deliver on its commitment to provide employees with options to diversify their skill sets, experience and career opportunities over the coming years.

Progressive rehabilitation

ERA remains committed to rehabilitating the disturbed land at Ranger and since 2012 we have spent more than \$452 million on rehabilitation and water management projects.

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.

In 2017, we spent \$27 million on rehabilitation. Expenditure was primarily associated with the dredge transferring tailings from the Tailings Storage Facility to Pit 3, the backfill of waste material into Pit 1 and the commencement of a rehabilitation feasibility study. The study is expected to be completed by the third quarter of 2018 and aims to further refine scheduled rehabilitation activities and execution of plans.

A routine review conducted in late 2017 resulted in the estimate of the rehabilitation provision increasing by \$21 million. The review included an updated evaluation of key assumptions and incorporates learnings from work conducted to date. The overall rehabilitation strategy remains unchanged.

In April 2017, ERA reached a key rehabilitation milestone with regulatory approval granted to progress with the Pit 1 final waste rock cap layer.



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Placement of the waste rock cap layer will continue in 2018 ahead of final land forming to reflect natural terrain and local native tree species.

At Jabiluka, ERA is engaged in ongoing weed, fire and water quality management. The 16,000 native saplings planted over the disturbed area have now matured into trees and are flourishing.

Pit 3 continued to receive tailings directly from milling operations as well as tailings dredged from the Tailings Storage Facility.

Water management continued to be a fundamental element of ERA's business and environmental protection activities in 2017 and is a large part of the rehabilitation program at Ranger.

During 2017, results from statutory monitoring programs demonstrated that ERA continued to maintain environmental values and objectives in regards to its water management. A variety of improvements occurred onsite to increase surface and groundwater knowledge, whilst continuing to protect the surrounding environment.

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

Conclusion

Looking forward, ERA's number one focus remains on the safety of our people and the environment with the goal of zero harm.



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ERA continues to strive to identify opportunities to improve productivity and generate cash to underpin our financial performance.

In 2018, our attitudes and actions will reflect our key priorities:

- Care for people and environment;
- Everyone contributing to their full potential;
- Being trusted and valued partners;
- Delivering excellence in production and rehabilitation; and
- Preserving our options to grow.

By doing so we can continue to deliver clean energy to the global power market and ensure we are a trusted partner for people and country.

I look forward to working with the team and our stakeholders in safely and successfully delivering our priorities in 2018.

Thank you.