

**ERA****Energy Resources of Australia Ltd**

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ASX Announcement

Ranger Project Area – closure Feasibility Study update

6 December 2018

Energy Resources of Australia Ltd (**ERA**) is providing an update to the market on the preliminary findings of the Ranger Project Area closure Feasibility Study. The Feasibility Study is nearing completion, with finalisation subject to further evaluation.

The preliminary findings highlight an increase in the estimated cost of the rehabilitation program with a likely rise in the rehabilitation provision from \$512 million to \$808 million¹, an increase of \$296 million, largely due to:

- costs associated with tailings transfer to Pit 3, additional water treatment and related infrastructure, and revegetation requirements;
- higher forecast costs relating to site services and owners' costs; and
- an increase in contingency.

The preliminary findings of the Feasibility Study further increase confidence to stakeholders that ERA's planned rehabilitation strategy will satisfy regulatory obligations, including the January 2026 milestone.

It is expected that the Feasibility Study and rehabilitation provision will be finalised in quarter 1 2019.

Funding

As a result of the likely rehabilitation provision increase, ERA is reviewing all funding options. Rio Tinto has advised ERA it will work with ERA and its other shareholders and stakeholders with the objective of ensuring that ERA is in a position to meet in full the likely future rehabilitation requirements of the Ranger Project Area. ERA and Rio Tinto are engaged in active discussions on various options to manage this process, including possible funding solutions.

In addition to its funding arrangements, ERA has implemented a business transformation program to increase cashflow from identified and new cost saving and productivity opportunities. The program aims to generate cash while maintaining the core values of health and safety and continued environmental protection.

¹ Likely provision as at 31 December 2018 (unaudited). The provision is discounted at 2 per cent and presented in real terms.



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ERA had total cash at bank of \$338 million at 30 November 2018 (unaudited). In addition to cash at bank, ERA had \$75 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund, bringing total cash resources to \$413 million.

Background to the Feasibility Study

As noted in the Company's 2017 full year and 2018 half-year results, ERA commenced the Feasibility Study of rehabilitation in the final quarter of 2017. ERA, supported by an experienced engineering service provider, is undertaking the Feasibility Study in order to further refine scheduled rehabilitation activities and plans.

The Feasibility Study is being conducted on the basis of the Ranger Closure Plan, which ERA publicly released in June 2018. The Feasibility Study incorporates progress made regarding the prescribed closure criteria, the progressive rehabilitation activities already undertaken and updated closure forecasts and modelling.



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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 provides clean energy to the world and, as a trusted partner, cares for people and country.

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than three decades. During that time, Ranger has produced in excess of 126,000 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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