

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

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## **CHAIRMAN'S ADDRESS**

### **ANNUAL GENERAL MEETING**

### **10 April 2019**

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Good morning ladies and gentlemen.

On behalf of your Board, I acknowledge the Larrakia people, the custodians of the land on which we are now meeting. I also acknowledge the Mirarr people, the custodians of the land on which the Ranger mine operates.

As the expiry of the Ranger Authority to operate draws closer and we face some challenges in the business, which I will return to in a moment, I would firstly like to reflect on the achievements and strengths of the Company.

ERA has produced uranium without adverse impact on the environment surrounding the mine, it has delivered significant benefits to Australia in the form of jobs, royalties, taxes, and the establishment of a major regional town, Jabiru.

ERA has, with justification, earned a reputation as a responsible, secure and reliable supplier of uranium oxide. This is a unique competence and a real strength of your Company.

Competence, reputation and access to markets are real, intangible assets that are as important as our physical orebodies.

I want to assure you that, facing the closure of Ranger, your Board is working hard to identify opportunities to obtain further value from these assets.

In 2018 the Company produced 1,999 tonnes of uranium oxide, at the top end of the guidance we provided early last year. With the spectre of climate change looming large, ERA can take pride in now having supplied more than 128,000



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tonnes of uranium oxide to global markets for use in carbon-free nuclear power plants. At a conservative estimate, this amount of uranium oxide will have generated something in the order of 5,000 terawatts of electricity. ERA's 2018 production of uranium oxide equated to at least 20,000,000 tonnes of coal required to produce the same amount of power. It has also played an important role in nuclear medicine.

These are positive activities which benefit the planet and the people on it. Activities which shareholders and all those who work for and with ERA should be justifiably proud.

Another strength, which is key to both our legacy and our future is the relationship we have developed and nurtured with key stakeholders. This is something that the people at ERA work hard at – day in and day out. Whether it is engaging with regulators about the protection of the environment in which we operate, collaborating with Mirarr Traditional Owners about the future of Jabiru or ensuring that shareholders' interests are met through good governance and responsible financial management, stakeholder engagement is an absolute priority.

Even in a difficult market, the team at ERA has concentrated on – and enhanced – the reputation of your Company with our key stakeholders during 2018. Let me highlight a couple of examples:

In May 2018 our Chief Executive, Paul Arnold, proudly presented the first copy of the Ranger Mine Closure Plan to the Mirarr Traditional Owners. The relationship we have with our Traditional Owners is special and has strengthened considerably over recent years. During 2018 the Mirarr hosted on-country visits from the ERA Board, a delegation of Board members of ERA's major shareholder Rio Tinto and the ERA executive team. I want to acknowledge the Mirarr people for sharing their culture with us and thank the



Gundjeihmi Aboriginal Corporation for making these visits possible. This engagement reflects mutual respect and a positive working relationship.

The recognition of Mirarr as custodians of the land on which Ranger is located, together with our purpose to play a significant role in caring for country, is reflected in the inclusion of cultural closure criteria in the Ranger Mine Closure Plan. Delivering on these cultural closure criteria means that, for generations to come the Mirarr will be able to utilise the land which was once the Ranger mine. They will also be able to conduct cultural activities and harvest bush foods.

The public release of the Mine Closure Plan marks a milestone for ERA and sets the tone for our legacy and the path for our future. The Plan demonstrates ERA's thorough planning, its transparency, its sense of responsibility and our capability for the task of executing rehabilitation of the Ranger Project Area. Our confidence in releasing the Plan also reflected the extent of collaboration and consultation with key stakeholders.

Late in 2018 the Mine Closure Plan was approved, for the first time, by both the Northern Territory and Commonwealth Resources Ministers.

In addition to the release and approval of the Mine Closure Plan in 2018, a closure feasibility study was also undertaken in 2018. This feasibility study developed the technical, costing and scheduling aspects of Ranger closure to a very high level of detail. The feasibility study confirmed the viability of the mine closure plan, giving confidence that the Company's rehabilitation objectives and obligations can be met by January 2026.

Another aspect of our legacy is the establishment and ongoing support for the town of Jabiru. ERA contributed more than \$230 million, in today's dollars, to the construction of the town which has become a major regional services hub and includes residential and commercial assets, an airport, and educational, health and policing facilities. Jabiru is the gateway to Kakadu National Park and,



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with the recent commitment of funding from the Commonwealth Government, will remain so for many years.

It is our wish that ERA be recognised for our achievements in caring for country, in successful mine rehabilitation and creating a sustainable, positive legacy. This is important in enhancing our social license to operate, so that we can unlock and pave the way for future growth.

ERA has taken, and continues to take, its environmental, economic and social responsibilities very seriously. I believe we have truly earned our social licence to operate in the future.

I now want to touch briefly on some of the challenges the business faces.

Firstly, the uranium market remains volatile. We have seen upward swings in the spot price in 2018 only for it to soften again. However, the industry outlook in the longer term is positive. In the meantime ERA's average realised selling price remains well above the spot price due to our long term sales contracts.

Another challenge is the regulatory context under which ERA has operated. The Commonwealth's Atomic Energy Act does not make provision for a further extension to the Ranger Authority to operate. To address this situation would require an amendment to the Act, which is problematic in the absence of a viable project. The Ranger 3 Deeps project was not taken forward to the feasibility stage due to economic factors and that, unfortunately, remains the case. The Ranger 3 Deeps exploratory decline remains under care and maintenance.

A further challenge is the recently increased cost estimate for the rehabilitation of the Ranger Project Area. ERA is committed to the full rehabilitation of Ranger and your Board is looking at options to meet the funding challenge that arises from the increase in the closure provision.



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Major shareholder Rio Tinto has advised that it will work with ERA to ensure the full rehabilitation of Ranger. Discussions are continuing with Rio Tinto about a funding solution to deliver on this commitment.

Your Board acknowledges these challenges. However we do not lose sight of the assets and strengths of the Company. We will continue to explore opportunities to meet the challenges.

Despite the challenges, and indeed in rising to meet the challenges, the Company delivered a strong performance in 2018. Paul will touch on these in more detail in a moment. I would like to highlight the commendable safety performance in 2018; the outstanding work to deliver record performance from both the brine concentrator and the processing plant; and the excellent work of everyone at ERA in delivering productivity gains, which contributed to positive cash generation from operations.

On behalf of the Board, I would like to thank the management team and all of the staff at ERA for their commitment and hard work this year.

I will now hand over to Paul to provide detail regarding the operational matters concerning the Ranger Mine.

Thank you.