



## ASX Announcement

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**25 July 2019**

### Funding update

As part of its June 2019 half year results, Energy Resources of Australia Ltd (ERA) today provided the following update regarding its assessment of funding options.

On 8 February 2019, ERA confirmed the approval and implementation of the closure feasibility study for the rehabilitation of the Ranger Project Area, resulting in an increase in the rehabilitation provision. Following this increase, ERA identified that it will require additional funding to meet its future obligations and business needs. ERA continues its assessment of available funding options.

As part of this process, ERA and Rio Tinto continue to engage in active discussions regarding a funding solution for ERA, with the objective of ensuring that ERA is able to meet in full its likely future rehabilitation obligations for the Ranger Project Area. Responsibility for this engagement has been delegated by the ERA Board to a committee comprised only of Independent Directors.

Following extensive discussions regarding a number of potential funding options, Rio Tinto has advised ERA that it is only willing to provide additional financial support to ERA via a renounceable entitlement offer undertaken by ERA. In that event, subject to the offer's terms, Rio Tinto has indicated it would subscribe for its 68.4% entitlement of new shares. Rio Tinto has also offered to underwrite the balance of a renounceable entitlement offer (on terms to be agreed) if an alternative underwriting solution is not available to ERA. ERA is considering the size, structure and terms of any potential renounceable entitlement offer, having regard to the interests of ERA as a whole.

In parallel, ERA continues to investigate whether there are other potential funding sources. ERA will provide a further update in due course.

ERA had total cash at bank of \$349 million at 30 June 2019 compared to \$313 million on 31 December 2018. In addition to cash at bank, ERA had \$76 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund, bringing total cash resources to \$425 million.

At 30 June 2019, the ERA rehabilitation provision is \$799 million.<sup>1</sup> The strategy and estimate remain consistent with 31 December 2018, with \$48 million spent on rehabilitation activities in the first half of 2019.

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<sup>1</sup> 30 June 2019 provision discounted at 2 per cent and presented in real terms (\$857 million undiscounted in real terms).



**ERA**

### **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.

Together, ERA provides clean energy to the world and cares for people and country.

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 128,000 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.

For further information, please contact:

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