



**ERA**

## Entitlement Offer Information Booklet

**Details of a 6.13 for 1 renounceable pro rata Entitlement Offer of Energy Resources of Australia Ltd fully paid ordinary shares at an Offer Price of \$0.15 per share**

**Unless extended, the Entitlement Offer closes at 5.00pm (AEDT) on Wednesday, 11 December 2019**

**The Entitlement Offer is fully underwritten by North Limited, a wholly-owned subsidiary of Rio Tinto Limited**

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety.

Please call your stockbroker, accountant or other independent professional adviser or the ERA Entitlement Offer Information Line if you have any questions.

# Important Information

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Booklet is dated 15 November 2019.

This Booklet is important and should be read in its entirety before deciding whether or not to participate in the Entitlement Offer.

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument**). All references in this Booklet to the Corporations Act are references to the Corporations Act as modified by the ASIC Instrument.

This Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Booklet does not contain all the information which a prospective investor may require to make an informed decision in relation to the application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with Energy Resources of Australia Ltd's (**ERA** or the **Company**) other periodic statements and continuous disclosure announcements lodged with ASX.

The information in this Booklet does not constitute financial product advice and does not take into account your objectives, financial situation or personal circumstances. ERA is not licensed to provide financial product advice or investment advice in respect of the New Shares. Neither ASIC nor ASX take responsibility for the contents of this Booklet.

By returning an Entitlement and Acceptance Form together with the requisite Application Monies or otherwise paying for your New Shares through BPAY®, in each case in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Booklet and you have acted in accordance with, and agree to the terms of, the Entitlement Offer detailed in this Booklet.

No cooling-off rights apply to the Entitlement Offer – you cannot withdraw your application once it has been accepted.

## GLOSSARY

Definitions of capitalised words and expressions used in this Booklet may be found in the Glossary in section 5 of this Booklet. Those definitions apply unless the context otherwise requires

Section 3 of this Booklet reproduces certain documents which the Company has released to the ASX. Where a word or expression is defined therein, the word and expression has that meaning even if it differs to the definition set out in section 5 or elsewhere in this Booklet.

## FORWARD LOOKING STATEMENTS

This Booklet contains certain 'forward looking statements'. Forward looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of ERA, including the risks and uncertainties described in the "Key Risks" section of the Investor Presentation which is included in section 3.2 of this Booklet. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends and other estimates. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of ERA's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond ERA's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statement may have been prepared or otherwise.

Readers are cautioned not to place undue reliance on forward looking statements and except as required by law or regulation, ERA assumes no obligation to update these forward looking statements. To the maximum extent permitted by

law, ERA and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

An acquisition of New Shares is subject to known and unknown risks. Some risks are described in the "Key Risks" section of the Investor Presentation which is reproduced in section 3.2 of this Booklet and are beyond the control of ERA, including possible loss of income and principal invested. ERA does not guarantee any particular rate of return or the performance of ERA, nor does it guarantee the repayment of capital from ERA or any particular tax treatment.

#### **FINANCIAL DATA**

All dollar values in this Booklet are in Australian dollars (\$) or A\$) unless otherwise stated.

#### **TAXATION**

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Section 4.7 of this Booklet provides a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Entitlement Offer for Eligible Shareholders. The guide does not take into account the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. ERA recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

#### **UNDERWRITER**

North Limited (**Underwriter**) has agreed to act as underwriter to the Entitlement Offer. Neither the Underwriter nor any of its respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents including the Rio Tinto Group (collectively, the **Underwriter Parties**), nor the advisers to ERA, the Broker or any other person including clients named in this document, have authorised, permitted or caused the issue of lodgement, submission, dispatch or provision of this Booklet (or any other materials released by ERA) and none of them makes or purports to make any statement in this Booklet and there is no statement in this Booklet which is based on any statement by them.

The Underwriter takes no responsibility for any part of this Booklet or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Booklet or otherwise arising in connection with it.

The Underwriter makes no recommendation as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties, express or implied to you concerning the Entitlement Offer or any such information and by returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on statements made by the Underwriter Parties in relation to the New Shares or the Entitlement Offer generally.

ERA, the Broker and the Underwriter, and each of their directors, officers, employees, agents and consultants, will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by ERA or the ERA Share Registry or otherwise, or who otherwise trades or purports to trade New Shares in error or which they do not hold or are not entitled to. If you are in doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

#### **FOREIGN JURISDICTIONS**

The information in this Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Booklet is not to be distributed in, and no offer of New Shares is to be made in, countries other than Australia, New Zealand and Singapore. The distribution of this Booklet in other jurisdictions may be restricted by law and therefore persons who come into possession of this Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New

Shares, or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia, New Zealand and Singapore.

#### **UNITED STATES**

This Booklet and any material accompanying it may not be released or distributed in the United States. This Booklet and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Neither the Entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, and will be, registered under the U.S. Securities Act of 1933 (**the U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. The New Shares to be offered and sold to Eligible Shareholders (as defined in section 1.3 of this Booklet) will only be sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

#### **SINGAPORE**

This Booklet has not been registered as a prospectus with the Monetary Authority of Singapore and the New Shares will be offered pursuant to one or more exemptions under the Securities and Futures Act, Chapter 289 of Singapore (**the SFA**). Accordingly, this Booklet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than on reliance of one or more exemptions under the SFA and in accordance with the conditions of, any other applicable provision of the SFA. Save for the Eligible Shareholders in reliance of one or more exemptions under the SFA, the Entitlement Offer is not directed or targeted at persons in Singapore.

Where the New Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
  - (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Section 275 of the SFA except:
- (i) to an institutional investor as defined under Section 4A of the SFA or to a relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) pursuant to Section 276(7) of the SFA; or
  - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018."

#### **GOVERNING LAW**

The information in this Booklet, the Entitlement Offer and the contracts formed on acceptance of Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in Victoria, Australia. Each shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## **CONTENTS**

<b>CLAUSE</b>		<b>PAGE</b>
CHAIRMAN'S LETTER .....		2
TIMETABLE – KEY DATES .....		6
1. OVERVIEW OF THE ENTITLEMENT OFFER.....		8
2. HOW TO APPLY.....		15
3. ASX DISCLOSURE MATERIALS.....		21
4. ADDITIONAL INFORMATION .....		85
5. GLOSSARY .....		90

# Energy Resources of Australia Ltd

ABN 71 008 550 865



ERA

## CHAIRMAN'S LETTER

15 November 2019

Dear ERA Shareholder,

On 15 November 2019, Energy Resources of Australia Ltd (**ERA** or the **Company**) announced that it will conduct a fully underwritten, renounceable pro rata entitlement offer of new fully paid ordinary shares in ERA (the **Entitlement Offer**) to raise a total of approximately \$476 million to fund Ranger Project Area rehabilitation obligations. A copy of ERA's announcement dated 15 November 2019 is included in this Booklet.

As an Eligible Shareholder, you are entitled to subscribe for 6.13 fully paid ordinary shares in the Company (**New Shares**) for every 1 fully paid ordinary share held in ERA held on Wednesday, 20 November 2019 at 7.00pm (AEDT) (the **Record Date**), at the Offer Price of \$0.15 per New ERA Share (**Offer Price**). The Offer Price represents a 38% discount to the 10-day VWAP of \$0.24 per share (rounded to 2 decimal places) to 14 November 2019.<sup>1</sup>

ERA is committed to fully rehabilitating the Ranger Project Area by January 2026 and returning the environment at the Ranger Project Area to a state similar to adjacent areas of the Kakadu National Park, in accordance with applicable Commonwealth and Northern Territory statutory requirements. Although expenditure on Ranger rehabilitation is not expected to generate any direct financial return for the Company, ERA believes that successful rehabilitation of the Ranger Project Area is a prerequisite to support future operations and growth beyond Ranger.

Therefore, the net proceeds from the Entitlement Offer, together with ERA's existing cash resources and expected future cash flows, will be used primarily for the purposes of funding rehabilitation of the Ranger Project Area. As noted at the 2019 AGM and in various Company disclosures this year, following the increase in the rehabilitation provision as assessed by the Ranger Project Area closure feasibility study (the **Feasibility Study**), ERA requires additional funding to meet its future rehabilitation obligations and business needs.

ERA has concluded that its ability to continue as a going concern is dependent on successfully addressing the funding shortfall at this time. While the rehabilitation spend occurs progressively over the rehabilitation period, the Company's rehabilitation obligation is definite and must be taken into account by the ERA Board when assessing the Company's present solvency. In addition, ERA has no assurance that Rio Tinto's support for a renounceable entitlement offer will remain available in the future.

In order to address this funding shortfall, and in view of the expected demand for the provision of additional security into the Ranger Rehabilitation Trust Fund<sup>2</sup> by the Commonwealth Government

<sup>1</sup> The Offer Price represents an 8% discount to the theoretical ex-rights price (TERP) of \$0.16 per share (rounded to 2 decimal places) as at 14 November 2019. Note TERP is a theoretical calculation only and the actual price at which shares in ERA trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not be equal to TERP.

<sup>2</sup> At present, the Ranger Rehabilitation Trust Fund includes both cash (\$76 million) and bank guarantees (\$334 million). The security requirement of \$410 million was determined by the Commonwealth during 2018 when ERA's rehabilitation provision was ~\$526 million (provision as at 31 December 2017). The Company's rehabilitation provision increased following finalisation of the Feasibility Study and was \$799 million as at 30 June 2019.

following completion of its annual review process (expected to complete in the first quarter of 2020), the Company has undertaken an extensive and rigorous review process to explore a number of alternative funding options. Following this review, the Board has concluded that an Entitlement Offer is the only commercially viable funding solution available in the circumstances.

Rio Tinto, ERA's largest shareholder, is supportive of the Entitlement Offer and has committed, through its wholly owned subsidiaries, to subscribe for its 68.39%<sup>3</sup> entitlement in full. Rio Tinto's wholly-owned subsidiary, North Limited (**North or Underwriter**), will be acting as underwriter for the balance of any available shortfall in the Entitlement Offer given the inability of ERA to secure third party underwriting support. ERA is informed by Rio Tinto that in forming its view to participate in and underwrite the Entitlement Offer, Rio Tinto has taken into account that the funding contributed to ERA is not expected to result in any direct financial return for ERA, but nevertheless it is supportive of the Entitlement Offer with the objective of ensuring that ERA has the funds required to meet its current rehabilitation obligations.

### **Purpose of Booklet**

This Booklet relates to the Entitlement Offer and requires your immediate attention. It contains important information about the Entitlement Offer including:

- **Key Dates** for the Entitlement Offer;
- instructions on **how to apply**, setting out how to accept all or part of your Entitlement in the Entitlement Offer if you choose to do so (including any application for additional New Shares at the Offer Price in excess of your full entitlement through the Shortfall Facility);
- the potential effect that the issue of the New Shares will have on the control of ERA, including the consequences of that effect and Rio Tinto's intentions in relation to ERA; and
- ASX Announcement and the related Investor Presentation.

It is accompanied by your personalised Entitlement and Acceptance Form, which contains details of your Entitlement.

**You should read the entirety of this Booklet carefully (including the "Key Risks" section of the Investor Presentation released to ASX today, a copy of which is reproduced in section 3.2 of this Booklet) before deciding whether to participate in the Entitlement Offer. If you are in doubt as to what to do you should seek advice from your stockbroker, accountant or other independent professional adviser.**

### **Your Entitlement**

Eligible Shareholders are those holders of ERA Shares who:

- are registered as a holder of ERA Shares as at the Record Date, being 7.00pm (AEDT) on Wednesday, 20 November 2019; and
- as at the Record Date, have a registered address on the share register in Australia, New Zealand or Singapore.

As an Eligible Shareholder, you are entitled to subscribe for 6.13 New Shares for every 1 fully paid ordinary share held in ERA held on at 7.00pm (AEDT) on the Record Date, at the Offer Price of \$0.15 per New ERA Share.

---

<sup>3</sup> This includes the combined total of the Underwriter's 34.10% interest and Peko-Wallsend's (another Rio Tinto subsidiary) 34.29% interest in ERA's shares as at the date of this Booklet.

Eligible Shareholders who take up their Entitlements in full may also apply for additional New Shares at the Offer Price in excess of their entitlements (**Additional New Shares**) under the Shortfall Facility. The allocation of any Additional New Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes (**Shortfall Shares**). Details of the Shortfall Facility are set out in section 1.9 of this Booklet.

The Entitlement Offer closes at 5.00pm (AEDT) on Wednesday, 11 December 2019.

To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by ERA by 5.00pm (AEDT) on Wednesday, 11 December 2019; or
- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order so that it is received by ERA (care of Computershare Investor Services Pty Limited) by 5.00pm (AEDT) on Wednesday, 11 December 2019.

Please refer to the instructions in section 2 of this Booklet for further information if you wish to participate.

If you do not wish to take up your Entitlement you may sell all or part of it on the ASX (ticker: ERAR) between Tuesday, 19 November 2019 and Wednesday, 4 December 2019 (inclusive), or transfer all or part of your Entitlement to another person. (Refer to section 1 of this Booklet for further details.) The transfer, assignment and exercise of Entitlements is restricted to persons meeting certain eligibility criteria.

If you do nothing, you will not be issued any ERA Shares, your Entitlement will lapse, your percentage shareholding in ERA will be diluted and you may not receive or be entitled to any payment or value for your lapsed Entitlement.

ERA shareholders with registered addresses on the share register outside of Australia, New Zealand or Singapore are not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**). ERA has appointed a nominee, BurnVoir Corporate Finance Limited, who will arrange for the sale of the entitlements that would have been offered to Ineligible Shareholders, with the net proceeds, if any, distributed to the Ineligible Shareholders.

### **Consequences on effect on control**

The potential effect that the issue of the New Shares will have on the control of ERA, including the consequences of that effect and the Rio Tinto Parties' intentions in relation to ERA, are set out in sections 1.11 to 1.14 of this Booklet and in the Cleansing Statement reproduced in section 3.3 of this Booklet.

Although Rio Tinto's participation as an underwriter provides relative certainty of funding to the Company, the percentage of ERA Shares owned by Rio Tinto may increase, resulting in Rio Tinto potentially gaining greater control of ERA, if there are Shortfall Shares remaining after the Shortfall Facility and Shortfall Bookbuild allocations are completed, taken up by Rio Tinto as underwriter.

If, immediately after the Entitlement Offer, Rio Tinto has beneficial interests in 90% or more of all ERA Shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining ERA Shares in accordance with the statutory procedure set out in Part 6A.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**), otherwise known as the "general compulsory acquisition procedure". If enlivened, Rio Tinto will have six months from the date it becomes entitled to compulsorily acquire the remaining ERA Shares to lodge a notice with ASIC exercising this right (**Compulsory Acquisition Notice**). This date would align with the date of issue of the New Shares pursuant to the Entitlement Offer.

ERA has been informed by Rio Tinto that it has not yet decided whether it will exercise its right of compulsory acquisition if it becomes entitled to do so, and it does not intend to make that decision until the outcome of the Entitlement Offer is known. If Rio Tinto elects to exercise the right of compulsory acquisition, it must:

- offer a cash amount for the acquisition of the remaining ERA Shares, which must be the same amount for each share;
- engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the ERA Shares being acquired; and
- provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

You should note, however, that the cash amount per share offered by Rio Tinto pursuant to any potential general compulsory acquisition process of the remaining ERA Shares is uncertain and would be determined by Rio Tinto at its discretion, which could be more or less than the Offer Price under the Entitlement Offer.

ERA's shareholders will have a right to object to the compulsory acquisition of their ERA Shares by Rio Tinto by returning the objection form to the Company within the objection period specified in the Compulsory Acquisition Notice (which must be at least one month). Further details are set out in this Booklet in section 1.14.

+ + +

You should read the entirety of this Booklet carefully (including the "Key Risks" section of the Investor Presentation released to ASX today, a copy of which is reproduced in section 3.2 of this Booklet) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser.

Yours sincerely,



**Peter Mansell**  
Chairman  
Energy Resources of Australia Ltd

## TIMETABLE – KEY DATES

EVENT	DATE
Announcement of the Entitlement Offer (including Investor Presentation)	Friday, 15 November 2019
ASX release of Offer Booklet, Cleansing Statement and Appendix 3B	Friday, 15 November 2019
Notice sent to all shareholders	Monday, 18 November 2019
Ex date	Tuesday, 19 November 2019
Entitlements trading on ASX begins on deferred settlement basis	Tuesday, 19 November 2019
Record Date for eligibility in the Entitlement Offer	7:00pm (AEDT) on Wednesday, 20 November 2019
Entitlement Offer opens	Friday, 22 November 2019
Mailing of personalised Entitlement and Acceptance Form and this Booklet to Eligible Shareholders, and Entitlements allotted	Friday, 22 November 2019
Entitlement trading on ASX on normal settlement basis begins	Monday, 25 November 2019
Entitlement trading on ASX ends	Wednesday, 4 December 2019
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Thursday, 5 December 2019
Last day to extend the Entitlement Offer Closing Date	Friday, 6 December 2019
Entitlement Offer closes	5:00pm (AEDT) on Wednesday, 11 December 2019
Determination of allocation under Shortfall Facility and Shortfall Bookbuild	Friday, 13 December 2019
Notification of shortfall to ASX	Monday, 16 December 2019
Issue of New Shares under the Entitlement Offer	Wednesday, 18 December 2019
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 19 December 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Thursday, 19 December 2019

Dates and times in this Booklet are indicative only and subject to change.

All references to time are to Australian Eastern Daylight Time (**AEDT**) unless the context otherwise requires.

ERA, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to withdraw or vary the dates of the Entitlement Offer without notice. In particular, ERA reserves the right to extend the closing date of the Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice.

Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens. No cooling-off rights apply to applications submitted under the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

### **Enquiries**

If you:

- have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the ERA Entitlement Offer Information Line on 1300 221 495 toll free (within Australia) or +61 3 9415 4006 (from outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday during the Entitlement Offer period.

We recommend you consult your stockbroker, accountant or other independent professional adviser if you are in any doubt as to whether or not to participate in the Entitlement Offer.

### **Website**

<https://www.energyres.com.au/>

## 1. OVERVIEW OF THE ENTITLEMENT OFFER

### 1.1 Entitlement Offer

The Entitlement Offer is a renounceable pro rata offer of approximately 6.13 New Shares at an issue price of \$0.15 per New Share (**Offer Price**), to raise approximately \$476 million to fund the Company's rehabilitation obligations for the Ranger Project Area. Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 6.13 New Shares for every 1 ERA Share held on the Record Date.

Eligible Shareholders who take up their Entitlements in full may also apply for any New Shares that are not taken up by ERA Shareholders under the Entitlement Offer through the Shortfall Facility. Details of the Shortfall Facility are set out in section 1.9 of this Booklet.

The Entitlement Offer closes at 5.00pm (AEDT) on Wednesday, 11 December 2019.

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing ERA Shares on issue.

### 1.2 Underwriting

The Entitlement Offer is fully underwritten by North Limited, a wholly-owned subsidiary of Rio Tinto.

Rio Tinto, through North Limited and Peko-Wallsend, another wholly-owned Rio Tinto subsidiary, owns 68.39%<sup>4</sup> of the issued ERA Shares and has committed to apply for its full Entitlement under the Entitlement Offer.

Refer to section 4.8 of this Booklet for details of the terms of the underwriting.

### 1.3 Who is eligible to participate in the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 6.13 New Shares for every 1 existing ERA Share held on the Record Date, at the Offer Price of \$0.15 per New Share.

**Eligible Shareholders** are those holders of ERA Shares who:

- are registered as a holder of ERA Shares as at the Record Date, being 7.00pm (AEDT) on Wednesday, 20 November 2019; and
- as at the Record Date, have a registered address on the share register in Australia, New Zealand or Singapore.

Holders of ERA Shares as at the Record Date who do not have a registered address on the share register in Australia, New Zealand or Singapore are **Ineligible Shareholders**. The Entitlement Offer is not being extended to any shareholders with a registered address on the share register outside Australia, New Zealand or Singapore. The Company has decided that it is unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of Ineligible Shareholders and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements.

Where a nominee holds ERA Shares on behalf of a person who resides in a jurisdiction outside Australia, New Zealand and Singapore, that person is not precluded from

---

<sup>4</sup> This includes the combined total of the Underwriter's 34.10% interest and Peko-Wallsend's (another Rio Tinto subsidiary) 34.29% interest in ERA's shares as at the date of this Booklet.

participating in the Entitlement Offer via their nominee provided that they are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

*Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States.*

#### **1.4 What is your Entitlement**

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 6.13 New Shares for every 1 ERA Share you held as at the Record Date rounded up to the nearest whole New Share.

If you have more than one registered holding of ERA Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

#### **1.5 Can you trade your Entitlement**

As the Entitlement Offer is renounceable, the Entitlements can be traded on ASX, transferred, assigned or otherwise dealt with. This provides the opportunity for Eligible Shareholders to potentially realise value for any Entitlements not taken up. If you do not take up your Entitlements by 5.00pm (AEDT) on Wednesday, 11 December 2019, your rights will lapse.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Your interest in ERA will also be diluted.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on the ASX and the price you may be able to achieve.

#### **1.6 ASX quotation**

Subject to approval being granted by ASX, quotation of the New Shares under the Entitlement Offer is expected to commence on Thursday, 19 December 2019 (on a normal settlement basis).

Holding statements will be despatched in accordance with the ASX Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk.

ERA and the Underwriter disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by ERA, the Underwriter, the Registry or otherwise.

#### **1.7 Rights of ERA**

ERA reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information requested by ERA to substantiate their claims.

## 1.8 **Nominee for Ineligible Shareholders**

ERA has appointed BurnVoir Corporate Finance Limited (ACN 097 814 134 – AFSL No. 247387) to act as nominee (**Nominee**) for the Ineligible Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer. Ineligible Shareholders are persons who ERA Shares as at the Record Date and have registered addresses on the share register outside Australia, New Zealand and Singapore.

ERA has decided that it is unreasonable to make offers under the Entitlement Offer to holders of ERA Shares who have registered addresses outside Australia, New Zealand and Singapore as at the Record Date, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places.

If there is a viable market for Entitlements and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the Entitlements which would have been attributable to Ineligible Shareholders. The net proceeds of the sale of these Entitlements (after deducting brokerage commission and other expenses) will then be remitted as soon as practicable to the Ineligible Shareholders, in the same proportions as their respective holdings of ERA Shares as at the Record Date bears to the total of the ERA Shares held by them as at that time.

The Nominee will have absolute and sole discretion to determine the price for which the relevant Entitlements may be sold so that a premium over the expenses of their sale can be made, as well as the timing and manner of such sale. Neither ERA nor the Nominee will be subject to any liability to Ineligible Shareholders for failure to sell the Ineligible Shareholder Entitlements or to sell them at a particular price.

If, as a result of the Nominee offering to sell or being invited to sell the relevant Entitlements, the Nominee forms the reasonable opinion that there is not a viable market for the Entitlements or a surplus of sale proceeds over expenses from the sale cannot be obtained for the Entitlements that would otherwise have been offered to the Ineligible Shareholders, then the Entitlements will be allowed to lapse and form part of the New Shares offered to Eligible Shareholders under the Shortfall Facility, and to institutional and/or sophisticated investors under the Shortfall Bookbuild. In such circumstances, no money will be payable to Ineligible Shareholders.

## 1.9 **Shortfall Facility**

Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares at the Offer Price in excess of their entitlement (**Additional New Shares**) under the shortfall facility (**Shortfall Facility**), if they wish to do so.

The allocation of any Additional New Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes (**Shortfall Shares**).

If the Company receives valid applications from Eligible Shareholders for a number of New Shares that exceeds the number of Shortfall Shares (**Shortfall Applicants**), then the number of Shortfall Shares to be issued to each Shortfall Applicant will be scaled back:

- (a) on a pro rata basis, according to the number of ERA Shares held by each Shortfall Applicant as at the Record Date;
- (b) so that the maximum number of New Shares to be issued under the Shortfall Facility does not exceed the number of Shortfall Shares; and

- (c) so that no person will be issued with more than the number of New Shares they applied for.

There is no guarantee that Shortfall Applicants will receive the number of New Shares applied for in excess of their Entitlement, or that they will receive any at all.

ASIC has granted relief from Australia's takeover laws (Chapter 6 of the Corporations Act), which enables Eligible Shareholders to participate in the Shortfall Facility even if by doing so the number of New Shares issued to them would result in the takeover law threshold under section 606 of the Corporations Act being exceeded.

Eligible Shareholders may apply for Additional New Shares under the Shortfall Facility by completing the relevant part of the Entitlement and Acceptance Form and paying via cheque, bank draft or money order, or through BPAY®. Instructions are on the Entitlement and Acceptance Form. For an Eligible Shareholder's application for New Shares in excess of their Entitlement to be valid, payment in full for such Additional New Shares must be received no later than the close of the Entitlement Offer, being 5.00pm (AEDT) on Wednesday, 11 December 2019.

ERA's decision as to the number of Shortfall Shares to be issued to any Shortfall Applicant will be final. The issue of Shortfall Shares under the Shortfall Facility is subject to compliance with the Corporations Act, ASX Listing Rules and other applicable laws, and will be subject to availability.

The ASX Listing Rules do not permit ERA to issue any Shortfall Shares to Rio Tinto or its subsidiaries under the Shortfall Facility without shareholder approval. The Rio Tinto companies that hold ERA Shares will not be applying for New Shares in excess of their respective Entitlements (other than as Underwriter under the Underwriting Agreement).

#### 1.10 **Shortfall Bookbuild**

Euroz Securities Limited (**Euroz**) has been appointed as a broker to the Entitlement Offer and, subject to demand, will invite applications from institutional and/or sophisticated investors for the Shortfall Shares which are not taken up pursuant to the Shortfall Facility (if any), at an issue price that is not less than the Offer Price (**Shortfall Bookbuild**).

The net proceeds in excess of the Offer Price per New Share that may be achieved under the Shortfall Bookbuild will be retained by the Company and may be used for potential future growth opportunities or otherwise as the ERA Board determines to be in the interests of the Company from time to time.

Any Shortfall Shares not placed through this Shortfall Bookbuild will then, subject to the Underwriting Agreement, be acquired by the Underwriter.

The Company reserves the right to issue the Shortfall Shares under the Shortfall Bookbuild at their discretion.

#### 1.11 **Capital structure and dilution**

Subject to the rounding up of fractional entitlements and assuming all New Shares offered under the Entitlement Offer are issued, the capital structure of the Company following the issue of New Shares under the Entitlement Offer is expected to be as follows:

<b>Shares</b>	<b>Number</b>
Shares on issue as at the Record Date	517,725,062
New Shares to be issued pursuant to the Entitlement Offer	3,173,654,630

Shares	Number
<b>Total Shares on issue after completion of the Entitlement Offer</b>	<b>3,691,379,692</b>

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted as a result of the issue of the New Shares. Examples of how the dilution may impact shareholders are set out in the table below.

Holder	Holding as at Record Date	Approximate % at Record Date	Entitlements under the Entitlement Offer	Holdings if not taken up	Approximate % post Entitlement Offer if Entitlements not taken up
Example 1	5,000,000	0.97%	30,650,000	5,000,000	0.14%
Example 2	1,000,000	0.19%	6,130,000	1,000,000	0.03%
Example 3	500,000	0.10%	3,065,000	500,000	0.01%

### 1.12 Substantial holders and effect on control of the Company

Based on publicly available information as at the date of this Booklet, the Company's substantial holders as at the Record Date are set out in the table below.

Substantial holder	Holding as at Record Date	Voting power (%)	Entitlements under the Entitlement Offer	\$
Rio Tinto Limited (through its relevant interests in North and Peko-Wallsend)	354,078,854	68.39%	2,170,503,314	325,575,497
Zentree Investments Limited	82,525,309	15.94%	505,880,144	75,882,022

The potential effect that the issue of the New Shares will have on the control of ERA, and the consequences of that effect, will depend on a number of factors including the number of New Shares taken up by each Eligible Shareholder (or by any third party investor to which their entitlement is transferred) and the number of entitlements sold by the foreign holder nominee on behalf of Ineligible Shareholders under the Entitlement Offer, and the number of New Shares placed to institutional and/or sophisticated investors under the Shortfall Bookbuild.

As noted, the Entitlement Offer is being underwritten by North, a wholly-owned subsidiary of Rio Tinto. As at the date of this Booklet, Rio Tinto holds relevant interests in 68.39% of the issued ERA Shares, with North (being the Underwriter) directly holding 34.10% of the issued ERA Shares and Peko-Wallsend Pty Ltd (**Peko-Wallsend**), another wholly-owned subsidiary of Rio Tinto, holding 34.29% of the issued ERA Shares. Both North and Peko-Wallsend (the **Rio Tinto Parties**) have confirmed to ERA that they will take up their full pro rata entitlements to New Shares under the Entitlement Offer.

As noted above, entitlements to New Shares for which valid applications are not received before the Entitlement Offer closes (i.e., the Shortfall Shares) will be issued as follows:

- (a) firstly, to any Eligible Shareholders who submit valid applications for Additional New Shares under the Shortfall Facility;
- (b) secondly, should there be Shortfall Shares remaining, to successful applicants through the Shortfall Bookbuild to be undertaken by Euroz (if any); and
- (c) thirdly, the balance of the Shortfall Shares would be taken up by the Underwriter under the Underwriting Agreement.

Accordingly, the potential effect that the issue of the New Shares under the Entitlement Offer will have on control of ERA will depend on the number of New Shares that the Underwriter subscribes for as underwriter to any shortfall following general allocations under the Shortfall Facility and Shortfall Bookbuild, in relation to the Entitlement Offer.

In accordance with section 708AA(7)(e) of the Corporations Act, the Cleansing Statement released by ERA to ASX on 15 November 2019, a copy of which is reproduced in this Booklet at section 3.3, states the potential effect the issue of the New Shares will have on the control of ERA and the consequences of that effect.

#### 1.13 Rio Tinto's intentions

The Rio Tinto Parties have confirmed to ERA that they will examine their options in respect of Rio Tinto's combined shareholding and relevant interests in ERA following the completion of the Entitlement Offer. In the event that the relevant interests of Rio Tinto (through the Rio Tinto Parties) increase following the completion of the Entitlement Offer, some of the options available to it include:

Rio Tinto's total relevant interests in the ERA Shares	Consequences and potential rights of Rio Tinto
Increases to 70% or more	Rio Tinto may look to appoint additional board member(s) to the Board of ERA at the next Annual General Meeting or to fill a casual vacancy if one arises or otherwise in accordance with the constitution of the Company.
Increases to 75% or more	Rio Tinto will be able to pass special resolutions at general meetings in respect of resolutions on which it is entitled to vote (for example, resolutions relating to proposed amendments to the constitution of the Company).  Rio Tinto may seek to engage with ERA to consider initiating discussions with ASX in respect of a voluntary delisting having regard to factors including the liquidity of the ERA Shares, the number of unmarketable parcels and ongoing listing costs.  Neither ERA nor Rio Tinto would seek to delist ERA without prior engagement with ASX and neither party has commenced any discussions with ASX in this respect.

Rio Tinto's total relevant interests in the ERA Shares	Consequences and potential rights of Rio Tinto
Increases to 90% or more	Rio Tinto may look at compulsory acquisition in the six months following the date on which New Shares are issued under the Entitlement Offer in accordance with the procedure outlined below.

#### 1.14 General Compulsory Acquisition Procedure

If, immediately after completion of the Entitlement Offer, Rio Tinto (through North and Peko-Wallsend) has full beneficial interests in 90% or more of all ERA Shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining ERA Shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act (otherwise known as the "general compulsory acquisition procedure").

If enlivened, Rio Tinto will have six months from the date it becomes entitled to compulsorily acquire the remaining ERA Shares to lodge a notice with ASIC exercising this right (**Compulsory Acquisition Notice**). This date would align with the date of issue of the New Shares pursuant to the Entitlement Offer.

ERA has been informed by Rio Tinto that it has not yet decided whether it will exercise its right of compulsory acquisition if it is entitled to do so, and it does not intend to make that decision until the outcome of the offer is known. If Rio Tinto elects to exercise the right of compulsory acquisition, it must:

- (a) offer a cash amount for the acquisition of the remaining ERA Shares, which must be the same amount for each share;
- (b) engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the ERA Shares being acquired; and
- (c) provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

The cash amount per share offered by Rio Tinto pursuant to any potential general compulsory acquisition process of the remaining ERA Shares is uncertain and would be determined by Rio Tinto at its discretion, which could be more or less than the Offer Price under the Entitlement Offer.

ERA's shareholders will have a right to object to the compulsory acquisition of their ERA Shares by Rio Tinto by returning the objection form to the Company within the objection period specified in the Compulsory Acquisition Notice (which must be at least one month). If shareholders holding at least 10% of the shares covered by the Compulsory Acquisition Notice object to compulsory acquisition by the relevant deadline, Rio Tinto (through North or Peko-Wallsend, as the case may be) will need to apply for court approval if it wishes to proceed with the compulsory acquisition, and the costs of such court proceedings will be borne by Rio Tinto unless the court finds that the objector(s) have acted improperly, vexatiously or otherwise unreasonably. If Rio Tinto establishes that the compulsory acquisition terms represent fair value, the court will be required to approve the compulsory acquisition on those terms; otherwise, the court must confirm that the acquisition will not take place.

## **2. HOW TO APPLY**

### **2.1 What you may do – choices available**

If you are an Eligible Shareholder, you may do any one of the following:

- (a) take up all of your Entitlement and, if you wish, apply at the Offer Price for a number of New Shares that exceeds your Entitlement under the Shortfall Facility described in section 1.9 above (refer to section 2.2);
- (b) take up part of your Entitlement and elect for the balance to be sold or to lapse (refer to section 2.3);
- (c) sell all or part of your Entitlement on ASX (refer to section 2.4);
- (d) sell or transfer all or part of your Entitlement other than on-market via ASX (refer to section 2.5); or
- (e) do nothing and allow all your Entitlement to lapse (refer to section 2.7).

ERA will treat you as applying for as many New Shares as your payment will pay for in full.

New Shares for which valid applications are received are expected to be issued on or about Wednesday, 18 December 2019. (Note that dates and times in this Booklet are indicative only and subject to change.)

Eligible Shareholders will not be obliged to pay brokerage or other fees in respect of New Shares acquired under the Entitlement Offer (including under the Shortfall Facility).

Any Application Monies received for more than the number of New Shares issued to you will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or returned (wholly or partially).

ERA also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders or assignees of Entitlements if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

### **2.2 Taking up all your Entitlement and applying under the Shortfall Facility for Additional New Shares**

If you wish:

- to take up your Entitlement in full; or
- to take up your Entitlement in full and apply for Additional New Shares in excess of your Entitlement under the Shortfall Facility described in section 1.9 above,

you must:

- pay your Application Monies via BPAY®; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.

**To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5.00pm (AEDT) on Wednesday, 11 December 2019.** Eligible Shareholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is received by that time using the reply paid envelope provided with this Booklet or otherwise.

### 2.3 **Taking up part of the Entitlement and electing for the balance to be sold or lapse**

If you wish to take up part only of your Entitlement and sell the balance on ASX, you need to:

- complete and return the personalised Entitlement and Acceptance Form for the number of New Shares you wish to take up with the requisite Application Monies (or pay your Application Monies via BPAY® by following the instructions set out in the Entitlement and Application Form); and
- in respect of Entitlements to be sold on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Acceptance Form.

If payment is made through BPAY® and ERA receives an amount that is less than the Offer Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for only as many New Shares as your Reduced Amount will pay for in full at the Offer Price. You do not need to take any other action in respect of any portion of your Entitlement that you do not take up, trade or transfer as these will lapse.

### 2.4 **Sale of your Entitlement on ASX**

Eligible Shareholders who do not wish to take up part or all of their Entitlement may be able to sell their Entitlement on ASX and recoup some value or payment. If you wish to sell your Entitlement on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Acceptance Form.

Entitlement trading commences on Tuesday, 19 November 2019 (ASX ticker: ERAR) and ceases on close of trading on Wednesday, 4 December 2019. You must deal with that part of your Entitlement which you do not wish to accept **by no later than 5.00pm (AEDT) on Wednesday, 11 December 2019** otherwise it will lapse.

### 2.5 **Transfer of Entitlement other than on-market via ASX**

If you wish to sell or transfer all or part of your Entitlement to another person or party other than on-market through ASX, then you must do the following:

- complete a standard renunciation form (which you should be able to obtain from your stockbroker or you may ask for one via the ERA Offer Information Line); or
- have the transferee:
  - complete the Entitlement and Acceptance Form; and
  - organise a cheque, bank draft or money order in Australian currency for the amount due in respect of the New Shares payable to 'Energy Resources of Australia Ltd' and crossed 'not negotiable'.

The documents referred to above to be delivered by post so that they are received by no later than **5.00pm (AEDT) on Wednesday, 11 December 2019** by the Registry at:

### **By post**

Energy Resources of Australia Ltd  
c/o Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001

Please note you can only transfer/renounce your Entitlements through the Registry if they are Issuer Sponsored. You should seek advice from your stockbroker in this regard.

The transferee's address must be an address in Australia or New Zealand (unless ERA otherwise agrees). The transferee must not be in the United States or acting for the account or benefit of any person in the United States.

### **2.6 Sale or transfer of Entitlement**

An Eligible Shareholder who sells their Entitlement before receiving confirmation of their Entitlement in the Entitlement and Acceptance Form does so at their own risk.

ERA will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade their Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by ERA or the Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error which they do not hold or are not entitled to.

ERA will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by ERA or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error which they do not hold or are not entitled to.

You can ascertain your correct Entitlement by calling your stockbroker or the ERA Offer Information Line on 1300 221 495 (within Australia) or +61 3 9415 4006 (outside Australia) between 8.30am to 5.00pm (AEDT) Monday to Friday.

### **2.7 Allow all your Entitlement to lapse**

If you do not wish to take up any part of your Entitlement, you may simply do nothing in which case your Entitlement will lapse. You will not receive or be entitled to any payment or value for your lapsed Entitlement.

### **2.8 Consequence of not accepting your Entitlement**

If you take no action, take up only part of your Entitlement, or your application is not supported by cleared funds, you will not be issued New Shares that relate to the portion of your Entitlement that has not been accepted. Your Entitlement (or the portion of your Entitlement) not taken up will lapse, your percentage shareholding in ERA will be diluted and you may not receive or be entitled to any payment or value for your lapsed Entitlement. Any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been taken up):

- firstly, will be issued to any Shortfall Applicants under the Shortfall Facility referred to in section 1.9 above;
- to the extent not issued pursuant to the Shortfall Facility, may be issued (subject to demand for them) to institutional and/or sophisticated investors under the Shortfall Bookbuild referred to in section 1.10; and

- if there are still Shortfall Shares, will be subscribed for by the Underwriter under the Underwriting Agreement.

## 2.9 Payment methods

### (a) BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY® payment, please make sure to use the specific Biller Code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that CRN applies.

**Should you choose to pay by BPAY® it is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (AEDT) on Wednesday, 11 December 2019 (being the Entitlement Offer Closing Date).** You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. ERA takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

### (b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'ERA Entitlement Offer' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.15 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed Entitlement and Acceptance Form, together with Application Monies, should be mailed using the reply paid envelope provided with this Booklet or otherwise to the following address:

ERA Entitlement Offer  
c/o Computershare Investor Services Pty Limited

GPO Box 505  
Melbourne VIC 3001

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque for Application Monies is insufficient to pay for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, your cheque will be dishonoured and you will not receive any New Shares. If, however, the amount for your bank draft or money order for Application Monies is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form. Alternatively, your application will not be accepted.

**Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (AEDT) on Wednesday, 11 December 2019 (being the Entitlement Offer Closing Date).**

Cash payments will not be accepted. Receipts for payment will not be issued.

#### 2.10 **Warranties made on acceptance of the Entitlement Offer**

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® you will be deemed to have acknowledged, represented and agreed that you are an Eligible Shareholder (as defined in section 1.3 of this Booklet) or otherwise eligible to participate.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and agreed (for the benefit of ERA, the Underwriter and their respective related bodies corporate and affiliates, including for the avoidance of doubt, the Rio Tinto Group) on your own behalf and on behalf of each person on whose account you are acting that:

- none of ERA, the Underwriter, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents, consultants or advisors guarantees the performance of ERA (including for the avoidance of doubt, the Rio Tinto Group), nor do they guarantee the repayment of capital;
- you and each person on whose account you are acting are not in the United States and are not acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Entitlement Offer and under any applicable laws and regulations;
- the Entitlements and New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand or Singapore and, accordingly, the Entitlements may not be exercised or taken up, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, the Securities and Futures Act, Chapter 289 of Singapore and any other applicable securities laws;
- you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States or that is acting for the account or benefit of a person in the United States; and

- you and each person on whose account you are acting are not persons to whom the offer or issue of, or invitation to subscribe for, New Shares (whether directly or indirectly) under the Entitlement Offer, requires a prospectus or other form of disclosure document or any registration, filing or other formality under applicable laws including under the Securities and Futures Act, Chapter 289 of Singapore.

## **2.11 Representations by acquirers of Entitlements**

Investors who acquire Entitlements on ASX or otherwise will, by acquiring those Entitlements and by applying to take up all or part of those Entitlements, be deemed to agree to make and be subject to the representations and warranties in section 2.10 above (with references to the personalised Entitlement and Acceptance Form to be read as including any other form provided or required to be provided to ERA, the ERA Share Registry or the persons' stockbroker).

Investors should note that if you purchase Entitlements in a transaction on ASX or otherwise, in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Shareholder, a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will lapse.

## **2.12 No withdrawals**

You cannot withdraw your application once it has been accepted without ERA's agreement. Cooling-off rights do not apply to an acquisition of New Shares.

ERA reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares under the Entitlement Offer, in which case ERA will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

## **2.13 Confirmation of your application and managing your holding**

You may access information on your holding, including your Record Date balance and the issue of New Shares from this Entitlement Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website [www.investorcentre.com](http://www.investorcentre.com). To access the Investor Centre you will need your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site.

### 3. ASX DISCLOSURE MATERIALS

#### 3.1 ASX Announcement



**ERA** Energy Resources of Australia Ltd

Head office Level 3, Energy House,  
18-20 Cavenagh St, Darwin NT 0800  
GPO Box 2394, Darwin NT 0801, Australia  
T +61 8 8924 3500 F +61 8 8924 3555

Ranger mine Locked Bag 1,  
Jabiru NT 0886 Australia  
T +61 8 8938 1211 F +61 8 8938 1203

[www.energyrea.com.au](http://www.energyrea.com.au)

15 November 2019

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

**ERA announces \$476 million renounceable entitlement offer to fund its Ranger Project Area rehabilitation obligations**

- Fully underwritten 6.13 for 1 pro rata renounceable entitlement offer to raise approximately \$476 million
- Offer price of \$0.15 per share, which represents a discount of 38% to the 10-day volume weighted average price (VWAP) of \$0.24 per share to 14 November 2019<sup>1</sup>
- Proceeds to fund ERA's rehabilitation obligations for the Ranger Project Area and enable ERA to continue as a going concern
- Expenditure on Ranger Project Area rehabilitation is not expected to generate any direct financial return for ERA. However, ERA believes the successful rehabilitation of the Ranger Project Area is a prerequisite to support future operations and growth beyond Ranger
- Rio Tinto, ERA's largest shareholder with a 68.39% shareholding, will subscribe for its entitlement in full and is acting as underwriter<sup>2</sup> to the offer given the inability of ERA to secure third party underwriting support
- Rio Tinto is supportive of the entitlement offer, with the objective of ensuring that ERA has the funds required to meet its current rehabilitation obligations

Energy Resources of Australia Ltd (ERA or the Company) today announces a fully underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares (New Shares) to raise approximately \$476 million (Entitlement Offer). The funds are being raised to meet ERA's rehabilitation obligations for the Ranger Project Area.

The New Shares will be offered to all eligible shareholders at an offer price of \$0.15 per New Share (Offer Price). The Offer Price represents a 38% discount to the 10-day VWAP of \$0.24 per share (rounded to 2 decimal places) to 14 November 2019.<sup>1</sup>

---

<sup>1</sup> The Offer Price represents an 8% discount to the theoretical ex-rights price (TERP) of \$0.16 per share (rounded to 2 decimal places) as at 14 November 2019. Note TERP is a theoretical calculation only and the actual price at which shares in ERA trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not be equal to TERP.

<sup>2</sup> Through Rio Tinto's wholly-owned subsidiary, North Limited.

### **Background and purpose of the Entitlement Offer**

The Company is committed to fully rehabilitating the Ranger Project Area by January 2026 in accordance with applicable Commonwealth and Northern Territory statutory requirements.

Amongst other requirements, a condition of the authority granted to ERA pursuant to the *Atomic Energy Act 1953* (Cth) is that ERA must "rehabilitate the Ranger Project Area to establish an environment similar to the adjacent areas of Kakadu National Park such that, in the opinion of the Minister with the advice of the [Commonwealth's] Supervising Scientist, the rehabilitated area could be incorporated into the Kakadu National Park."

The scope and schedule of work required to meet the Company's rehabilitation obligations is described in detail in the Company's Mine Closure Plan (first released in June 2018), which is reviewed and updated annually in consultation with Traditional Owner representatives, regulators and key stakeholders.<sup>3</sup>

As noted in various Company announcements from 6 December 2018, following the increase in rehabilitation provision as assessed by the Ranger Project Area closure feasibility study (**Feasibility Study**), ERA requires additional funding to meet its future obligations and business needs.

While the rehabilitation spend occurs progressively over the rehabilitation period, the rehabilitation obligation is definite and must be taken into account by the ERA Board when assessing ERA's present solvency. In addition, ERA has no assurance that Rio Tinto's support for a renounceable entitlement offer will remain available in the future and therefore ERA has concluded that its ability to continue as a going concern is dependent on fully addressing the funding shortfall at this time.

Following a comprehensive assessment of all potential funding alternatives, the Board has determined that the only commercially viable solution is to undertake an entitlement offer.

Proceeds from the Entitlement Offer, together with ERA's existing cash resources and expected future cash flows, will be used primarily for the purposes of funding rehabilitation of the Ranger Project Area. However, expenditure on Ranger Project Area rehabilitation is not expected to generate any direct financial return for the Company.

Rio Tinto,<sup>4</sup> ERA's largest shareholder, is supportive of the Entitlement Offer and has committed to subscribe for its 68.39% entitlement in full. Rio Tinto's wholly-owned subsidiary, North Limited (North or Underwriter), has agreed to act as underwriter for the balance of any available shortfall in the Entitlement Offer given the inability of ERA to secure third party underwriting support.

ERA's Chairman, Peter Mansell said:

"The entitlement offer we are announcing today will secure ERA's future by funding its rehabilitation obligations for the Ranger Project Area. These long-standing obligations to the Commonwealth and the Northern Territory Governments, as well as the

<sup>3</sup> The 2019 Mine Closure Plan update is available to view on the ERA website <https://www.energyres.com.au/sustainability/closureplan/>.

<sup>4</sup> Rio Tinto holds 68.39 per cent of the issued shares in ERA through two wholly-owned subsidiaries, North Limited and Peko-Wallsend Pty Ltd.

Traditional Owners, aim to return the Ranger Project Area to an environment similar to that in the adjacent Kakadu National Park.

Today's entitlement offer follows a rigorous and extensive assessment of potential funding alternatives for ERA, which has included discussions with Rio Tinto and investigations by ERA for independently-sourced funding solutions. Rio Tinto's support for this entitlement offer demonstrates our shared commitment to an appropriate rehabilitation of the Ranger Project Area. In turn, this will secure a sustainable, positive legacy for ERA by meeting the statutory requirements of the Commonwealth and Northern Territory Governments and reflecting the environmental and cultural significance of the region. Successful rehabilitation is a prerequisite to support the prospect of any future operations and growth beyond Ranger.”

#### **Rehabilitation of the Ranger Project Area**

The inaugural public release of the Mine Closure Plan in June 2018 was a milestone for ERA and followed a rigorous 18 month stakeholder consultation process including discussions with the Gundjeihmi Aboriginal Corporation and the Northern Land Council, as representatives of the Mirarr Traditional Owners, and Northern Territory and Commonwealth Government agencies.

A feasibility study was conducted on the basis of the Mine Closure Plan and on 8 February 2019, ERA confirmed the approval and implementation of the Feasibility Study, resulting in an increase in the rehabilitation provision from \$526 million as at 31 December 2017 to \$830 million<sup>5,6</sup> as at 31 December 2018.

The Feasibility Study, supported by an experienced external engineering service provider, incorporated a greater level of design and technical understanding regarding the prescribed closure criteria, the progressive rehabilitation activities already undertaken and updated closure forecasts and modelling. The Feasibility Study was subject to both internal and external review.

With both the finalisation of the Feasibility Study and completion of this Entitlement Offer, ERA believes it has an executable plan for the rehabilitation of the Ranger Project Area in accordance with applicable Commonwealth and Northern Territory statutory requirements.

At 30 June 2019, the Company's recorded rehabilitation provision in the balance sheet was \$799 million,<sup>6,7</sup> which corresponds to an estimated rehabilitation project expenditure of approximately \$925 million (undiscounted in nominal terms).<sup>6</sup> In the first half of 2019, \$48 million was spent on rehabilitation activities.

---

<sup>5</sup> 31 December 2018 provision discounted at 2 per cent and presented in real terms (\$897 million undiscounted in real terms and \$973 million undiscounted in nominal terms).

<sup>6</sup> Excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and including an allowance of \$1 million in relation to the estimated costs of Jabiluka Mineral Lease rehabilitation expense.

<sup>7</sup> 30 June 2019 provision discounted at 2 per cent and presented in real terms (\$858 million undiscounted in real terms).

### **Assessment of funding alternatives**

Following the increase in rehabilitation provision at 31 December 2018, ERA does not have sufficient existing cash resources and expected future cash flows from sale of inventory or processing of the stockpiles at Ranger to fulfil its rehabilitation obligations. As described in the June 2019 half year report, ERA had total cash resources of \$425 million at 30 June 2019. This result was an increase against the 31 December 2018 cash balance of \$388 million in part due to timings within the contract portfolio. Contracted sales volumes in 2019 are weighted towards the first half of the year, with ERA substantially fulfilling its contract sales for the year by 30 June 2019.

Absent receipt of proceeds from the Entitlement Offer, the cash balance is expected to decline by the 2019 year end. As at 31 October 2019, the cash balance was \$328 million (unaudited). Furthermore, during the second half of 2019, ERA expects to produce sufficient drummed inventory to meet supply commitments under its existing long-term contract portfolio. As a result, a greater proportion of future sales will be exposed to the spot market.

In order to address this funding shortfall, and in view of the expected demand for the provision of additional security into the Ranger Rehabilitation Trust Fund<sup>8</sup> by the Commonwealth Government following completion of its annual review process (expected to complete in the first quarter of 2020), the Company has undertaken an extensive and rigorous review process to explore a number of alternative funding options. These have included an assessment of the availability of alternative sources of debt and equity, potential corporate transactions (including corporate restructuring), and other potential third party sources of funding support such as independent third-party underwriters. Following this assessment, ERA has concluded that an Entitlement Offer underwritten by the Underwriter is the only commercially viable funding solution available in the circumstances.

Throughout this process, ERA and Rio Tinto engaged in active discussions regarding a funding solution. The ERA Board delegated the responsibility for this engagement with Rio Tinto to a committee comprised only of Independent Directors (**Independent Committee**).

As announced to the ASX on 25 July 2019, following extensive negotiations and assessment of a number of potential funding options, Rio Tinto advised the Company that it would only be willing to provide additional financial support as part of a renounceable entitlement offer. ERA is informed by Rio Tinto that in forming its view to participate in and underwrite the Entitlement Offer, Rio Tinto has taken into account that the funding contributed to ERA is not expected to result in any direct financial return for ERA, but nevertheless it is supportive of the Entitlement Offer with the objective of ensuring that ERA has the funds required to meet its current rehabilitation obligations.

Based on ERA's October 2019 unaudited cash balance, and assuming receipt of the proceeds from the Entitlement Offer, and subject to movements in ERA's cash balance during the ordinary course of business between 31 October 2019 and settlement of the Entitlement Offer,

<sup>8</sup> At present, the Ranger Rehabilitation Trust Fund includes both cash (\$76 million) and bank guarantees (\$334 million). The security requirement of \$410 million was determined by the Commonwealth during 2018 when ERA's rehabilitation provision was ~\$526 million (provision as at 31 December 2017). The Company's rehabilitation provision increased following finalisation of the Feasibility Study and was \$799 million as at 30 June 2019.

ERA's total projected cash resources will be approximately \$802 million, calculated as the aggregate of \$474 million<sup>9</sup> in net proceeds from the Entitlement Offer and \$328 million in total cash resources (comprised of \$252 million cash and \$76 million held in the Ranger Rehabilitation Trust Fund). The offer has been sized to meet the estimated rehabilitation requirements, however risks exist that the amount raised will be insufficient and further funds will be required. Please refer to the "Key Risks" section in the Investor Presentation for further details.

The existing \$100 million loan agreement with Rio Tinto entered into in 2016 (Loan Agreement) is currently undrawn and remains in place should additional funding ultimately be required. Drawdown of the credit facility under the Loan Agreement is subject to ERA being able to demonstrate at the time of drawdown that it satisfies customary conditions precedent as mentioned in the "credit facility agreement" announcement released on 29 April 2016.

#### **Future strategy beyond Ranger**

The strategic priority for ERA is the successful rehabilitation of the Ranger Project Area, which ERA believes will demonstrate ERA's commitment to long-term sustainable operations in the region, create a sustainable, positive legacy and underpin potential future growth opportunities.

The net proceeds of the Entitlement Offer, together with ERA's existing cash resources and expected future cash flows, will be used primarily for the purposes of funding rehabilitation. A sum of \$20 million from existing cash resources and expected future cash flows has been provisionally designated for expenditure on prospective development opportunities or otherwise as the ERA Board determines to be in the interests of the Company from time to time.

In addition to Ranger, ERA holds title to the Jabiluka Mineral Lease, a large, high quality uranium orebody of global significance. The carrying value of the Jabiluka Undeveloped Property was recorded at approximately \$90 million as at 30 June 2019. In accordance with the Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners.

ERA has approximately \$183 million in tax losses (at 30 per cent) as at 30 June 2019 that are not recognised as deferred tax assets due to the uncertainty regarding ERA's ability to generate adequate levels of future taxable profits. This treatment is reviewed periodically. ERA's carry forward tax losses can be utilised to offset any future taxable profits, subject to satisfaction of the tax loss recoupment tests under the income tax legislation at the time of utilisation.

#### **Overview of Entitlement Offer**

The Company is conducting a fully underwritten 6.13 for 1 pro rata renounceable entitlement offer to holders of shares in the Company with a registered address in Australia, New Zealand or Singapore as at 7.00pm (AEDT) on Wednesday, 20 November 2019 (the Record Date) (Eligible Shareholders) to raise approximately \$476 million.

---

<sup>9</sup> Net of transaction costs.

Eligible Shareholders will be invited to subscribe for 6.13 New Shares for every 1 existing ERA ordinary share held at 7.00pm (AEDT) on the Record Date at the Offer Price of \$0.15 per New Share. Eligible Shareholders will be sent an offer information booklet (Offer Booklet), together with a personalised Entitlement and Acceptance Form on or around Friday, 22 November 2019 by mail.

Approximately 3,174 million New Shares will be issued under the Entitlement Offer. The New Shares will rank equally with existing ERA shares as from their time of issue.

An indicative timetable for the Entitlement Offer appears at the end of this announcement.

Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares at the Offer Price in excess of their entitlement (**Additional New Shares**) under the shortfall facility (**Shortfall Facility**), if they wish to do so. The allocation of any Additional New Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes (**Shortfall Shares**). Additional New Shares will, however, only be allocated to Eligible Shareholders who apply for them (up to the number applied for) to the extent there are Shortfall Shares and, in the event of competition for the Shortfall Shares, applications will be scaled back on a pro rata basis (detailed in section 1.9 of the Offer Booklet).

ASIC has granted relief from Australia's takeover laws (Chapter 6 of the Corporations Act), which enables Eligible Shareholders to participate in the Shortfall Facility even if by doing so the number of New Shares issued to them would result in the takeover law threshold under section 606 of the Corporations Act being exceeded.

Given the role of North (a wholly-owned subsidiary of Rio Tinto) as the Underwriter, Rio Tinto will not apply for Additional New Shares under the Shortfall Facility.

As the Entitlement Offer is renounceable, Eligible Shareholders may seek to sell all or part of their entitlements on the ASX at the prevailing market price for the entitlements during the period commencing on Tuesday, 19 November 2019 and ending on Wednesday, 4 December 2019 (refer to the indicative timetable at the end of this announcement).

If an Eligible Shareholder takes no action, they will not be issued New Shares, their entitlements will lapse, they will not receive or be entitled to any payment or value for their lapsed entitlements, and their shareholding in ERA will be diluted.

Euroz Securities Limited (**Euroz**) has been appointed as a broker to the Entitlement Offer and, subject to demand, will invite applications from institutional and/or sophisticated investors for the Shortfall Shares which are not taken up pursuant to the Shortfall Facility, at an issue price that is not less than the Offer Price (**Shortfall Bookbuild**). Any premium received on New Shares issued under the Shortfall Bookbuild will be designated for expenditure on prospective growth opportunities or as otherwise determined by the Board. The ERA Board reserves the right to issue the Shortfall Shares under the Shortfall Bookbuild at its discretion. Any Shortfall Shares, not placed through this Shortfall Bookbuild, subject to the Underwriting Agreement, will then be acquired by the Underwriter.

ERA shareholders with registered addresses on the share register outside of Australia, New Zealand or Singapore will not be eligible to participate in the Entitlement Offer (**Ineligible**

**Shareholders).** ERA has appointed a nominee, BurnVoir Corporate Finance Limited, who will arrange for the sale of the entitlements that would have been offered to Ineligible Shareholders, with the net proceeds, if any, distributed to the Ineligible Shareholders proportionately.

#### **Key terms of the Underwriting Agreement**

The Entitlement Offer is fully underwritten by the Underwriter pursuant to the terms of an Underwriting Agreement. Rio Tinto (through the Underwriter which is a wholly-owned subsidiary of Rio Tinto) is choosing to underwrite the Entitlement Offer with the objective of ensuring that ERA is able to meet its statutory and contractual rehabilitation obligations for the Ranger Project Area.

The terms of the Underwriting Agreement have been negotiated by ERA at arm's length by the Independent Committee acting on independent professional advice. Based on the Independent Committee's recommendation, the ERA Board believes the agreed terms are reasonable in the circumstances. No underwriting fee is payable to the Underwriter (although ERA is required to reimburse Rio Tinto for its costs of, and incidental to, the Entitlement Offer up to a maximum of \$100,000). The Underwriting Agreement is subject to conditions precedent that ERA regards as customary and reasonable, including all ASIC and ASX approvals for the Entitlement Offer being obtained and all due diligence sign-offs being delivered to the Underwriter. The Underwriting Agreement includes certain warranties and indemnities from ERA to the Underwriter, including in relation to the compliance of all offer documentation to be released by ERA with all applicable laws and the accuracy of all information disclosed to the Underwriter in connection with the Entitlement Offer.

The Underwriter has the right to terminate the Underwriting Agreement in certain events. The events are summarised in the Schedule to this announcement.

#### ***Further Undertakings***

Under the Underwriting Agreement, ERA gives certain further undertakings to the Underwriter regarding the use of funds raised by the Entitlement Offer for rehabilitation, and to restrict dealings with Jabiluka without the Underwriter's prior written consent. A summary of these undertakings is also set out in the Schedule to this announcement.

In addition, ERA will remain bound by the terms of the Loan Agreement made with Rio Tinto in 2016, including the various undertakings contained therein<sup>10</sup>, except that ERA will no longer be restricted by the Loan Agreement from using the \$20 million provisionally designated for expenditure on prospective development opportunities or otherwise as the ERA Board determines to be in the interests of ERA.

#### **Control Implications**

The potential effect that the issue of the New Shares will have on the control of ERA, and the consequences of that effect, will depend on a number of factors including the number of New Shares taken up by each Eligible Shareholder (or by any third party investor to which their entitlement is transferred) and the number of entitlements sold by the foreign holder nominee

---

<sup>10</sup> See ERA's announcement dated 29 April 2016.

on behalf of Ineligible Shareholders under the Entitlement Offer, or placed to institutional and/or sophisticated investors under the Shortfall Bookbuild.

As noted above, the Entitlement Offer is being underwritten by North, a wholly-owned subsidiary of Rio Tinto Limited. As at the date of this announcement, Rio Tinto holds relevant interests in 68.39% of the issued ERA shares, with North (being the Underwriter) directly holding 34.10% of the issued ERA shares and Peko-Wallsend Pty Ltd (Peko-Wallsend), another wholly-owned subsidiary of Rio Tinto, holding 34.29% of the issued ERA shares. Both North and Peko-Wallsend (the Rio Tinto Parties) have confirmed to ERA that they will take up their full pro rata entitlements to New Shares under the Entitlement Offer.

As noted above, entitlements to New Shares for which valid applications are not received before the Entitlement Offer closes (i.e., the **Shortfall Shares**) will be issued as follows:

- (a) firstly, to any Eligible Shareholders who submit valid applications for Additional New Shares under the Shortfall Facility;
- (b) secondly, should there be Shortfall Shares remaining, to successful applicants (if any) through the Shortfall Bookbuild; and
- (c) thirdly, the balance of the Shortfall Shares would be taken up by the Underwriter under the Underwriting Agreement.

Accordingly, the potential effect that the issue of the New Shares under the Entitlement Offer will have on the control of ERA will depend on the number of New Shares that the Underwriter subscribes for as underwriter to any shortfall in relation to the Entitlement Offer. Further details are disclosed in the "Cleansing Statement" released on the ASX along with this announcement.

#### Consequences of effect on control and Rio Tinto's intentions

The Rio Tinto Parties have confirmed to ERA that they will examine their options in respect of Rio Tinto's combined shareholding and relevant interests in ERA following the completion of the Entitlement Offer. In the event that the relevant interests of Rio Tinto (through the Rio Tinto Parties) increase following the completion of the Entitlement Offer, some of the options available to it include:

Rio Tinto's total relevant interests in the ERA shares	Consequences and potential rights of Rio Tinto
Increases to 70% or more	Rio Tinto may look to appoint additional board member(s) to the Board of ERA at the next Annual General Meeting or to fill a casual vacancy if one arises or otherwise in accordance with the constitution of the Company.
Increases to 75% or more	Rio Tinto will be able to pass special resolutions at general meetings in respect of resolutions on which it is entitled to vote (for example, resolutions relating to proposed amendments to the constitution of the Company).

<b>Rio Tinto's total relevant interests in the ERA shares</b>	<b>Consequences and potential rights of Rio Tinto</b>
	<p>Rio Tinto may seek to engage with ERA to consider initiating discussions with ASX in respect of a voluntary delisting having regard to factors including the liquidity of the shares, the number of unmarketable parcels and ongoing listing costs.</p> <p>Neither ERA nor Rio Tinto would seek to delist ERA without prior engagement with ASX and neither party has commenced any discussions with ASX in this respect.</p>
Increases to 90% or more	<p>Rio Tinto may look at compulsory acquisition in the six months following the date on which New Shares are issued under the Entitlement Offer in accordance with the procedure outlined below.</p>

#### **General Compulsory Acquisition Procedure**

If, immediately after the Entitlement Offer, Rio Tinto (through the Rio Tinto Parties) has beneficial interests in 90% or more of all ERA shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining ERA shares in accordance with the statutory procedure set out in Part 6A.2 of the *Corporations Act 2001* (Cth) (*Corporations Act*), otherwise known as the "general compulsory acquisition procedure".

If enlivened, Rio Tinto will have six months from the date it becomes entitled to compulsorily acquire the remaining ERA shares to lodge a notice with ASIC exercising this right (Compulsory Acquisition Notice). This date would align with the date of issue of the New Shares pursuant to the Entitlement Offer.

ERA has been informed by Rio Tinto that it has not yet decided whether it will exercise its right of compulsory acquisition if it becomes entitled to do so, and it does not intend to make that decision until the outcome of the Entitlement Offer is known. If Rio Tinto elects to exercise the right of compulsory acquisition, it must:

- (a) offer a cash amount for the acquisition of the remaining ERA shares, which must be the same amount for each share;
- (b) engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the ERA shares being acquired; and
- (c) provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

The cash amount per share offered by Rio Tinto pursuant to any potential compulsory acquisition process of the remaining ERA shares is uncertain and would be determined by Rio

Tinto at its discretion, which could be more or less than the Offer Price under the Entitlement Offer.

ERA's shareholders will have a right to object to the compulsory acquisition of their ERA shares by Rio Tinto by returning the objection form to the Company within the objection period specified in the Compulsory Acquisition Notice (which must be at least one month). If shareholders holding at least 10% of the shares covered by the Compulsory Acquisition Notice object to compulsory acquisition by the relevant deadline, Rio Tinto (through North or Peko-Wallsend, as the case may be) will need to apply for court approval if it wishes to proceed with the compulsory acquisition, and the costs of such court proceedings will be borne by Rio Tinto unless the court finds that the objector(s) have acted improperly, vexatiously or otherwise unreasonably. If Rio Tinto establishes that the compulsory acquisition terms represent fair value, the court will be required to approve the compulsory acquisition on those terms; otherwise, the court must confirm that the acquisition will not take place.

#### **Indicative Timetable\***

The key dates for the Entitlement Offer are as follows:

Event	Date
Announcement of Entitlement Offer (including Investor Presentation)	Friday, 15 November 2019
ASX release of Offer Booklet, Cleansing Statement and Appendix 3B	Friday, 15 November 2019
Notice sent to all shareholders	Monday, 18 November 2019
Ex date	Tuesday, 19 November 2019
Entitlements trading on ASX begins on deferred settlement basis	Tuesday, 19 November 2019
Record date for eligibility in the Entitlement Offer	7:00pm (AEDT) on Wednesday, 20 November 2019
Entitlement Offer opens	Friday, 22 November 2019
Mailing of personalised Entitlement and Acceptance Form and the Offer Booklet to Eligible Shareholders, and Entitlements allotted	Friday, 22 November 2019
Entitlement trading on ASX on normal settlement basis begins	Monday, 25 November 2019
Entitlements trading on ASX ends	Wednesday, 4 December 2019
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Thursday, 5 December 2019

Event	Date
Last day to extend the Entitlement Offer closing date	Friday, 6 December 2019
Entitlement Offer closes	5:00pm (AEDT) on Wednesday, 11 December 2019
Determination of allocation under Shortfall Facility and Shortfall Bookbuild	Friday, 13 December 2019
Notification of Shortfall to ASX	Monday, 16 December 2019
Issue of New Shares under the Entitlement Offer	Wednesday, 18 December 2019
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 19 December 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Thursday, 19 December 2019

*\*ERA, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to withdraw or vary the dates of the Entitlement Offer at its discretion and without notice. In particular, ERA reserves the right to extend the closing date of the Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.*

Details of the Entitlement Offer and other information described in this announcement will be set out in the Offer Booklet which ERA will mail to Eligible Shareholders on or around Friday, 22 November 2019. Eligible Shareholders should read the Offer Booklet carefully and in its entirety before deciding whether to participate in the Entitlement Offer.

ERA has appointed Flagstaff Partners and BurnVoir Corporate Finance as financial advisers, Ashurst as legal adviser, and Euroz as broker to the Entitlement Offer.

For further information please contact:

#### Investor Relations

Craig Sainsbury  
 Market Eye Pty Ltd  
 Office: +61 3 9591 8923  
 Mobile: +61 428 550 499  
 Email: craig.sainsbury@marketeye.com.au

#### Media

Olivia Brown  
 MorrisBrown Communications  
 Mobile: +61 409 524 960  
 Email: olivia@morris-brown.com.au

Hayley Morris  
 MorrisBrown Communications  
 Mobile: +61 407 789 018  
 Email: hayley@morris-brown.com.au

## About Energy Resources of Australia Ltd

Energy Resources of Australia Ltd (ERA) is one of the nation's largest uranium producers and operates the Ranger mine, 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 oxide has been produced 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.

## Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States.

This announcement may not be released or distributed in the United States.

## Forward looking statements

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions within the meaning of securities laws of applicable jurisdictions. They include but are not limited to statements pertaining to the outcome and effects of the Entitlement Offer and ERA's ability to meet its rehabilitation obligations. Indications of, and guidance or outlook on, future earnings, financial position, rehabilitation obligations, performance and strategies are also forward looking statements.

Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all or entirely within the control of ERA and cannot be predicted by ERA. This

includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, inflation rates, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. The weather at the Ranger Project Area may also affect ERA's ability to meet its rehabilitation obligations and the cost of meeting those obligations.

ERA, supported by an experienced external engineering service provider, undertook the Feasibility Study to further refine scheduled rehabilitation activities. The Feasibility Study examined the technical, costing and scheduling aspects of Ranger closure to a high level of detail in order to obtain a best estimate of the rehabilitation obligation. However, the ultimate cost of rehabilitation is uncertain. Costs may vary in response to factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions.

An inability to obtain sufficient funding to meet ERA's future rehabilitation obligations would have a material impact on ERA's business, financial performance and assessment as a going concern.

Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and none of ERA or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

## SCHEDULE

### Summary of termination events and certain undertakings in Underwriting Agreement

The following is a summary of certain key provisions of the Underwriting Agreement.

#### 1. SUMMARY OF TERMINATION EVENTS

The Underwriter may at any time by notice given to ERA (referred to in this Schedule as *the Issuer*) immediately, without cost or liability to itself, terminate the Underwriting Agreement so that it is relieved of all its obligations under the Underwriting Agreement if any of the following events occurs before 4:00pm (AEDT) on the Entitlement Offer settlement date (*Settlement Date*):

- (a) **(Offer Materials)** The ASX announcement, the Offer Booklet and other materials issued by ERA in connection with the Entitlement Offer (the *Offer Materials*) contain (whether by omission or otherwise) any statement which is false, misleading or deceptive or they otherwise do not comply with the Corporations Act or any other applicable law.
- (b) **\*(future matters)** Any statement or estimate in any Offer Materials which relates to a future matter is or becomes incapable of being met.
- (c) **(Cleansing Statement)** The notice given by the Issuer to ASX under section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer (the *Cleansing Statement*) is or becomes defective, or any amendment or update to the Cleansing Statement is issued or is required to be issued under the Corporations Act and, in each case, that defect or amendment or update to the Cleansing Statement is materially adverse from the point of view of an investor.
- (d) **(ASIC action)** ASIC:
  - (i) applies for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or the Offer Materials;
  - (ii) holds or commences, or gives notice of intention to hold or commence, a hearing or investigation in relation to the Entitlement Offer or the Offer Materials under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth); or
  - (iii) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Issuer or any of its officers, employees or agents in relation to the Entitlement Offer or the Offer Materials,

and such application, notice or proceeding is not withdrawn within two business days after it is made or by the Settlement Date.

- (e) **(unable to issue New Shares)** The Issuer is prevented from allotting and issuing the New Shares in accordance with the Underwriting Agreement.
- (f) **(quotation)** Approval (subject only to customary conditions) is refused or not granted to:
  - (i) the quotation of the Entitlements on ASX by 10.00am on the ex date; or
  - (ii) the quotation of the New Shares on ASX by 10.00am on the quotation approval date,
 or, if any such approval is granted, that approval is withdrawn or qualified.
- (g) **(capital structure)** the Issuer alters its capital structure without the consent of the Underwriter, other than by issuing securities pursuant to the Entitlement Offer;
- (h) **(listing)** The Issuer ceases to be admitted to the official list of ASX or the ERA shares are suspended from trading on, or cease to be quoted on, ASX.
- (i) **(Insolvency)** The Issuer is insolvent or there is an act or omission which is likely to result in the Issuer becoming insolvent.
- (j) **(withdrawal)** The Issuer withdraws the Entitlement Offer.
- (k) **(misleading or deceptive conduct)** Civil or criminal proceedings are brought against the Issuer in relation to any fraudulent, misleading or deceptive conduct by or on behalf of the Issuer (whether or not in connection with the Entitlement Offer).
- (l) **(illegality)** There is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement.
- (m) **(misrepresentation)** A representation or warranty made or given, or deemed by the Underwriting Agreement to have been made or given, by the Issuer under the Underwriting Agreement proves to be, has been or becomes, untrue or incorrect.
- (n) **(breach)** The Issuer fails to perform or observe any of its material obligations under the Underwriting Agreement.
- (o) **(Timetable)** Any event specified in the Entitlement Offer timetable is delayed by the Issuer for more than three business days without the prior written approval of the Underwriter (not to be unreasonably withheld for a delay of up to two business days).

- (p) \*(material adverse change) There is a material adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Issuer, including any material adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Issuer from those disclosed to ASX in accordance with the ASX Listing Rules prior to the date of the Underwriting Agreement or in the Offer Materials, excluding any such change that results from:
- (i) an increase in the estimated cost of the rehabilitation of the Ranger Project Area as determined by the Assessor (as defined in the government agreement in relation to the Ranger Uranium Mine between The Commonwealth of Australia and the Issuer (the *Ranger Government Agreement*)); or
  - (ii) any adjustment of the amount of security required to be provided by the Issuer,
- under the Ranger Government Agreement.

If an event marked with an asterisk (\*) occurs, the Underwriter may not terminate unless the Underwriter has reasonable grounds to believe, and does so believe, that the event:

- (a) is materially adverse from the point of view of an investor; or
- (b) will, or is likely to:
  - (i) give rise to a liability of the Underwriter under any applicable law; or
  - (ii) result in a contravention by the Underwriter or any of its affiliates of, or the Underwriter or any of its affiliates being involved in a contravention of, any applicable law.

## 2. SUMMARY OF CERTAIN UNDERTAKINGS

### 2.1 Additional undertakings

The Issuer has undertaken in favour of the Underwriter to, except where otherwise permitted under the Underwriting Agreement or with the prior written consent of the Underwriter:

- (a) (Rehabilitation Account) subject to paragraphs 2.1(b), 2.1(c) and 2.1(d) below, deposit the net proceeds of the Entitlement Offer in one or more accounts opened by the Issuer with an Australian authorised deposit-taking institution and designated as "ERA – Rehabilitation Account" (the *Rehabilitation Account*);

(b) **(Purpose)** use the proceeds of the Entitlement Offer, any investment of funds of the Rehabilitation Account and any interest, proceeds or returns generated from the investment of funds of the Rehabilitation Account (the *Rehabilitation Funds*) only for the purpose (*Purpose*) of

- (i) remediation of the Ranger Project Area in accordance with the authority granted under the *Atomic Energy Act 1953* (Cth) to mine, recover, treat and process uranium oxide at the Ranger Project Area (*s. 41 Authority*), the Issuer's rehabilitation objectives as outlined in the authorisation to operate issued under the NT Mining Management Act, and the Issuer's rehabilitation plan (*Closure Plan*) in respect of the closure of the Ranger Project Area (*Rehabilitation*);
- (ii) head office costs incurred in the usual course;
- (iii) transfers required to be made to the Commonwealth Security Deposit pursuant to the Ranger Government Agreement;
- (iv) indemnity payments owing with respect to any bank guarantee in favour of the Commonwealth of Australia for the purposes of the Ranger Government Agreement;
- (v) taking out and maintaining insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of the business and assets of the Issuer (including all insurance required by applicable law); or
- (vi) emergency obligations (including but not limited to matters pertaining to health, safety and the environment or in respect of any amounts payable to or under the direction of any law enforcement, regulatory agency or court where the ERA Board considers, in their reasonable opinion, it is required by any applicable law or regulation binding on the Issuer);

and not for any other purpose, except where agreed to in writing between the parties.

(c) **(Expenditure waterfall in relation to rehabilitation)** apply the Rehabilitation Funds for the Purpose as specified in paragraph (b) above only, and only after:

- (i) any cash and cash equivalents at bank and any cash flows from processing and liquidating stockpiles and inventories; and
- (ii) investments in trust funds, including the Commonwealth Security Deposit, where and to the extent it is permissible pursuant to the Ranger Government Agreement to withdraw and apply such funds,

have been exhausted;

- (d) **(Expenditure from the Rehabilitation Account);**
  - (i) state in the Issuer's annual plan and budget (*Annual Plan*) the amount of funds anticipated to be drawn from the Rehabilitation Account during each Annual Plan period and to have that Annual Plan approved by the ERA Board;
  - (ii) obtain approval from the ERA Board in writing and in advance, for any anticipated expenditure to be drawn from the Rehabilitation Account which was not approved in the Annual Plan, or where the forecast total costs for a calendar year exceed the approved Annual Plan;
- (e) **(compliance with DFA)** not enter into any commitment or incur any expense (whether of a capital or operational nature) not approved by the relevant person(s), committee(s) or board(s) of the Issuer and the Underwriter and its related body corporates as set out in the ERA Delegated Financial Authority as read in conjunction with the "Rio Tinto Energy and Minerals Product Group – Financial Management and Compliance – Financial Authorisation Limits" document as at the date of the Underwriting Agreement (as amended from time to time by agreement between the Issuer and the Underwriter) (the *DFA*) (to the extent such approval is contemplated in the *DFA*) (such person(s), committee(s) or board(s) being the *Relevant Approver*) having regard to the amount of expenditure or commitment (as applicable) or otherwise approved by the Underwriter. For this purpose (and without limiting the *DFA*):
  - (i) any "Capital Expenditure" (as contemplated by the *DFA*) greater than A\$5,000,000 will require the approval of the Relevant Approver of the Underwriter and its related body corporates and the Board of the Issuer; and
  - (ii) any "Operating expense" (as contemplated by the *DFA*) greater than A\$20,000,000 will require the approval of the Relevant Approver of the Underwriter and its related body corporates and the Board of the Issuer.

The Issuer acknowledges that this paragraph (e) applies notwithstanding any provision of the *DFA* which states that the approval is "advisory only and not binding on" the Issuer (or words to that effect);

- (f) **(No dividends, distributions or dealings with share capital) not:**
  - (i) pay or distribute any money or other asset (including by management or other fee, interest, dividend, buy back, return of capital, repayment or redemption) to or for the benefit of a shareholder in that capacity or to a related body corporate except reasonable directors' fees and salaries and other emoluments;
  - (ii) during the Entitlement Offer period and for 90 days thereafter, issue any shares or agree to do so or grant a person a right to take up any shares

whether exercisable now or in the future subject to any conditions, except in connection with the Entitlement Offer (including the Shortfall Bookbuild);

(g) **(No variation)** will not:

- (i) do anything which has the effect of varying or supplementing;
- (ii) avoid, release, surrender, terminate, rescind, discharge (other than by performance) or accept the repudiation of;
- (iii) do or permit anything which would entitle another party to do anything referred to in sub-paragraph (ii) in relation to; or
- (iv) expressly or impliedly grant any waiver, consent, time or indulgence under or in respect of,

any bank guarantee, any document between the Issuer and the issuer of a bank guarantee pursuant to which the Issuer indemnifies the issuer in relation to such bank guarantee or the Ranger Government Agreement if to do so would have a material adverse effect on the rehabilitation or the Issuer's obligations under the Underwriting Agreement;

(h) **(Notice to Underwriter)** notify the Underwriter as soon as possible after it becomes aware of:

- (i) any breach of an undertaking or representation and warranty given by the Issuer under the Underwriting Agreement;
- (ii) any substantial dispute between it and a government agency; and
- (iii) any litigation, arbitration, tax claim, dispute or administrative or other proceeding in relation to it involving a claim exceeding A\$1 million or its equivalent other than a claims for worker's compensation;
- (i) **(Updating of costs)** update the Australian dollar nominal, undiscounted amount estimated from time to time as being required to complete the rehabilitation (as reduced by subsequent expenditure on rehabilitation undertaken in accordance with the Closure Plan) on a half yearly basis by reference to the facts and circumstances then existing and promptly provide the half yearly update to the Underwriter and shareholders;
- (j) **(Board Charter)** amend and adopt modifications to the Board Charter as approved on 29 January 2015 and ancillary internal processes to reflect the undertakings in the Underwriting Agreement or as otherwise agreed with the Underwriter; and

- (k) (**Monthly reports**) as soon as practicable (but within 14 days after the end of each calendar month) provide copies of consolidated and unconsolidated monthly summary of cash flow and, at the Underwriter's request, adjusted forward cash flow for the next month to the Underwriter.

## 2.2 Interest bearing investment

Notwithstanding paragraph 2.1 above, the Issuer may invest the net proceeds of the Entitlement Offer in an interest bearing investment, with an acceptable financial institution, that complies with the following principles:

- (a) preservation of capital and security of the principal is fundamental;
- (b) maintenance of sufficient liquidity to meet all reasonable anticipated rehabilitation cash flow requirements;
- (c) minimisation of credit risk; and
- (d) strict prohibition on speculative investments.

The principal amount of any investment of Rehabilitation Funds, plus any interest, proceeds or returns made on the principal investment, must be deposited back to the Rehabilitation Account on maturity or termination of the investment.

## 2.3 Growth Assets

- (a) In this Schedule:

(i) **Growth Assets** means:

- (A) Cash Growth Assets; and
- (B) Jabiluka Growth Assets;

(ii) **Jabiluka Growth Assets** means:

- (A) Jabiluka; and
- (B) interest, proceeds, assets or returns generated from the investment or disposal of, or granting of security over, or other dealing with, Jabiluka,

subject at all times to the operation of paragraph 2.4 below;

(iii) **Cash Growth Assets** means:

- (A) the sum of \$20 million plus any premium received by the Issuer over the Offer Price for any New Shares issued pursuant to the Shortfall Bookbuild; and

- (B) interest, proceeds, assets or returns generated from the investment or disposal of, or granting of security over, or other dealing with the sum referred to in paragraph (a) of this definition; and
  - (iv) *LTCMA* means the Jabiluka Long Term Care and Maintenance Agreement dated 25 February 2005 between the Issuer, the Northern Land Council (ABN 56 327 515 336) and the Traditional Owners of the Jabiluka Project Area.
- (b) The Issuer and the Underwriter have agreed that:
- (i) the Growth Assets do not form part of the Rehabilitation Funds and no part of them needs to be deposited into the Rehabilitation Account;
  - (ii) subject to this paragraph 2.3 and paragraph 2.4, the Issuer may deal with, use or expend Growth Assets as the ERA Board decides from time to time;
  - (iii) nothing in the Underwriting Agreement, the Loan Agreement or any other agreement between the parties shall prohibit or restrict the Issuer dealing with, using and expending the Cash Growth Assets as the ERA Board determines from time to time, or carrying on any business in which any Cash Growth Assets are deployed. Without limiting the generality of the foregoing, the Cash Growth Assets may be expended or used for or in connection with any projects or capital commitments that the ERA Board decides and paragraph 2.1(c) shall not apply in relation to Cash Growth Assets;
  - (iv) subject to paragraph 2.4, nothing in the Underwriting Agreement shall prohibit or restrict the Issuer dealing with, using and expending the Jabiluka Growth Assets as the ERA Board determines from time to time, or carrying on any business in which any Jabiluka Growth Assets are deployed; and
  - (v) the approval of the Underwriter and/or its related bodies corporate is not required under paragraph 2.1(e) for the Issuer to enter into any commitment or incur any expense, and the Underwriter's commitment under the Loan Agreement will not be cancelled merely because approval is not obtained under the Loan Agreement, where the commitment or expense relates only to or is to be satisfied solely out of the Cash Growth Assets.

#### 2.4 Jabiluka Growth Assets

- (a) For the avoidance of doubt, dealings with the Jabiluka Growth Assets are subject to the Loan Agreement entered into between the Issuer and the Underwriter in 2016. The Loan Agreement was the subject of an announcement

made by ERA to the ASX on 29 April 2016. The Loan Agreement remains on foot.

- (b) For so long as the undertakings in paragraph 2.1 continue, the Issuer will not deal with or create any new economic or legal interest in the Jabiluka Growth Assets, including by way of sale, disposal, grant, new or expanded partnership, joint venture, granting of security over or otherwise encumbering the Jabiluka Growth Assets, without the prior written consent of the Underwriter (not to be unreasonably withheld or delayed). The Underwriter's prior written consent will have regard to the Issuer's assurance that:
- (i) such dealing with the Jabiluka Growth Assets will not compromise the LTCMA; and
  - (ii) the Issuer is satisfied that any incoming counterparty (which need not be named) to such dealing has the capacity and intention to fulfil, comply with and be bound by the terms of the LTCMA.

#### 2.5 Review

If at any time after 31 December 2023 the Issuer believes in good faith that, after the amounts referred to in paragraphs (i) and (ii) of paragraph 2.1(c) are exhausted, the Rehabilitation Funds will materially exceed the amount required for the Purpose, the parties shall meet and discuss in good faith whether any part of the Rehabilitation Funds should be released and, if the parties so agree, the amount so released shall:

- (a) thereafter form part of the Growth Assets for the purpose of the Underwriting Agreement (subject to agreement between the parties); or
- (b) otherwise be deployed in such manner as agreed between the parties, including without limitation, capital management initiatives, new investment opportunities or for general corporate purposes.

#### 2.6 Specific performance and injunctive relief

The Issuer agrees and acknowledges that damages will not be an adequate remedy for the Underwriter for any breach of the Underwriting Agreement and that the Underwriter may seek specific performance or injunctive relief as a remedy for any actual or threatened breach, in addition to any other remedies available at law or in equity under or independently of the Underwriting Agreement.

#### 2.7 Term of undertakings

- (a) In this paragraph, *Closure Implementation* means substantial completion in all material respects, of the closure work programs for the key closure activities as described in Chapter 11 – Implementation of the Closure Plan or, if the Closure Plan is amended after the date of the Underwriting Agreement such that the closure work programs for the key closure activities are no longer

described in Chapter 11 - Implementation, the Chapter of the Closure Plan that describes the closure work programs for the key closure activities.

- (b) Each undertaking described in paragraph 2.1 above shall continue from the date of the Underwriting Agreement until any of the following first occurs:
  - (i) Closure Implementation has occurred;
  - (ii) the issue of a close out certificate for the Ranger Project Area under the s. 41 Authority;
  - (iii) termination of the Underwriting Agreement; and
  - (iv) the Issuer ceasing to be a subsidiary of Rio Tinto Limited.
- (c) Any dispute as to whether or not Closure Implementation has occurred may be referred by a party to a third party expert for determination.

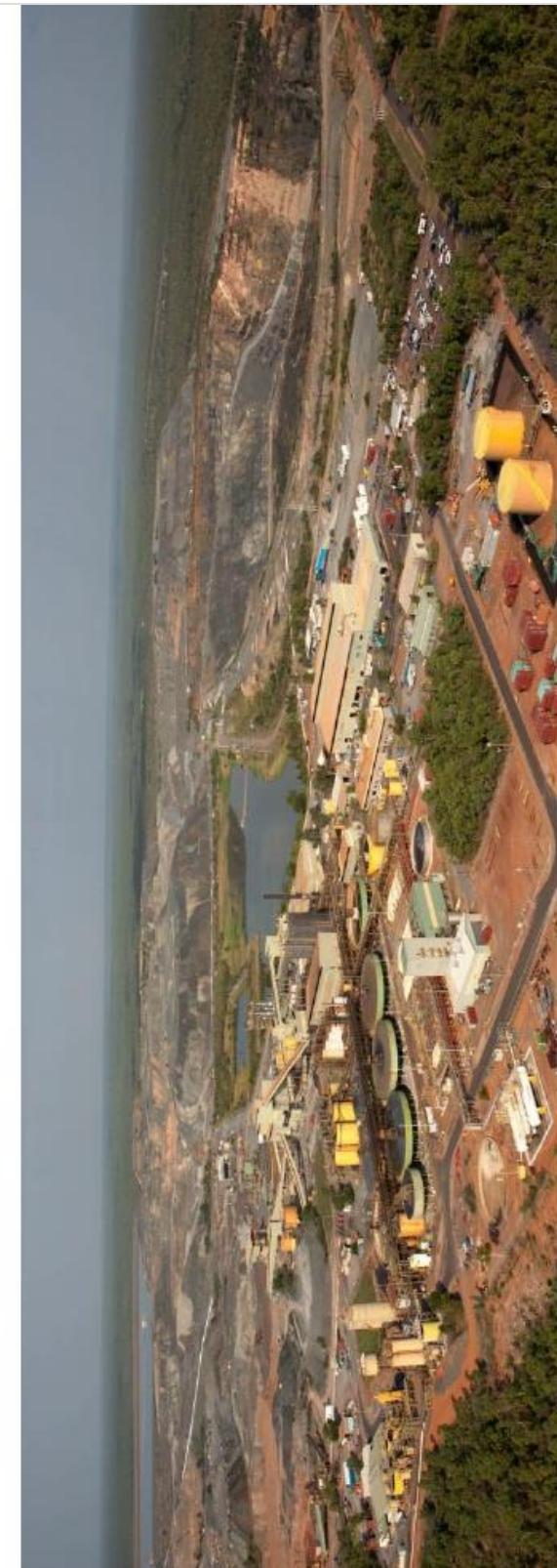


**ERA** Energy Resources of Australia Ltd

# Capital Raising Presentation

15 November 2019

Not for release or distribution in the United States



[www.energyres.com.au](http://www.energyres.com.au)

## Important notices



This presentation has been prepared by Energy Resources of Australia Ltd ABN 71 008 550 885 (ERA). It contains general information about ERA's activities as at the date of this presentation. It is information given in summary form and does not purport to be complete or contain all information that an investor should consider when making an investment decision. It should be read in conjunction with ERA's other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

This presentation is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is for information purposes only and is not an invitation nor offer of shares for subscription, purchase or sale in any jurisdiction. Eligible Shareholders will be entitled to participate in the Entitlement Offer referred to herein under the Entitlement Offer Booklet, expected to be dispatched on Friday, 22 November 2019. Eligible Shareholders who wish to acquire the shares the subject of the Entitlement Offer should consider the Entitlement Offer Booklet in deciding whether to apply under the Entitlement Offer and complete the Entitlement and Acceptance Form which will be in, or will accompany, the Entitlement Offer Booklet.

This presentation, including the information contained in this disclaimer, does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933 (U.S. **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States. This presentation may not be released or distributed in the United States.

The information in this presentation does not constitute financial product advice (nor investment, tax, accounting or legal advice) and does not take into account your individual investment objectives, including the merits and risks involved in an investment in shares in ERA, or your financial situation, taxation position or particular needs. This presentation is not a recommendation to acquire ERA shares. You must not act on the basis of any matter contained in this presentation, but must make your own independent assessment, investigations and analysis of ERA and the shares the subject of the Entitlement Offer referred to herein and obtain any professional advice you require before making any investment decision based on your investment objectives.

All dollar values are in Australian Dollars (\$A) unless stated otherwise. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

### Financial data

You should be aware that certain financial data included in this presentation are "non-GAAP financial measures". ERA believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of ERA. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

### Ore Reserves and Mineral Resources Reporting Requirements

Investors should note that it is a requirement of the Australian Securities Exchange listing rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Joint Ore Reserves Committee Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), whereas mining companies in other countries may be required to report their mineral reserves and/or resources in accordance with other guidelines. Investors should note that while ERA's mineral resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries.

# Important notices (cont'd)



## Forward-looking statements

This presentation contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions within the meaning of securities laws of applicable jurisdictions. They include but are not limited to statements pertaining to the outcome and effects of the Entitlement Offer and ERA's ability to meet its rehabilitation obligations. Indications of, and guidance or outlook on, future earnings, financial position, rehabilitation obligations, performance and strategies are also forward looking statements.

Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all or entirely within the control of ERA, and cannot be predicted by ERA. This includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, inflation rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. The weather at the Ranger Project Area may also affect the ERA's ability to meet its rehabilitation obligations and the cost of meeting those obligations.

ERA, supported by an experienced external engineering service provider, undertook the Ranger closure feasibility study (**Feasibility Study**) to further refine scheduled rehabilitation activities. The Feasibility Study examined the technical, costing and scheduling aspects of Ranger closure to a high level of detail in order to obtain a best estimate of the rehabilitation obligation. However, the ultimate cost of rehabilitation is uncertain. Costs may vary in response to factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions.

An inability to obtain sufficient funding to meet ERA's future rehabilitation obligations would have a material impact on ERA's business, financial performance and assessment as a going concern. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based.

Readers are cautioned not to place undue reliance on forward-looking statements and none of ERA or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

3 Not for release or distribution in the United States

## Investment risk

An investment in ERA is subject to investment risk and other known and unknown risks, some of which are beyond ERA's control. ERA does not guarantee a particular rate of return (or any return on your investment) or the performance of ERA, nor does it guarantee the repayment of capital from ERA or any particular tax treatment. Please refer to pages 23 to 33 of this presentation – the "Key Risks" section – for further details.

## Competent Person

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2018 Annual Statement of Reserves and Resources which was released to the market on 8 February 2019 and is available to view at <https://www.asx.com.au/asxprod/api/20190208/pdf/44206xxwcpj.pdf>. ERA confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underlying the estimates in the relevant market announcement continue to apply and have not materially changed. ERA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Disclaimer

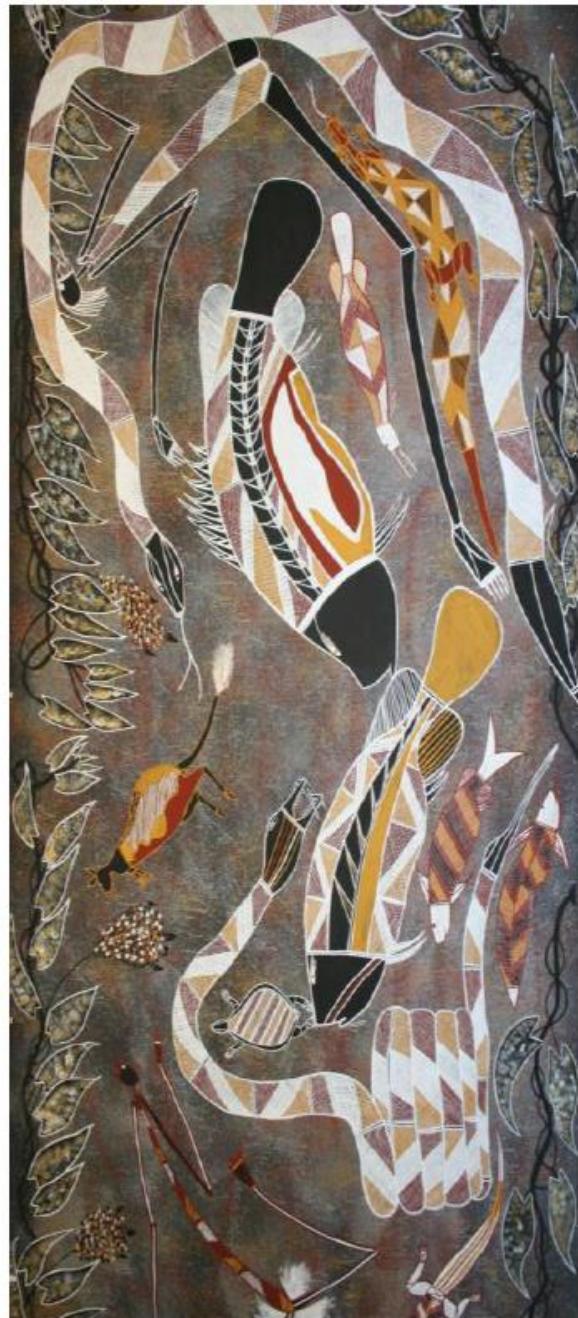
No party other than ERA has authorised or caused the issue, lodgement, submission, dispatch or provision of this presentation, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this presentation. To the maximum extent permitted by law, ERA, the Underwriter (as defined in page 7 of this presentation) and their respective affiliates, officers, employees, agents and advisers disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer or the information in this presentation being inaccurate or due to information being omitted from this presentation, whether by way of negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this presentation and, with regards to the Underwriter, its affiliates, officers, employees, agents and advisers, take no responsibility for any part of this presentation. The Underwriter makes no recommendation as to whether you or your related parties should participate in the Entitlement Offer nor does it make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Underwriter or any of its affiliates in relation to ERA shares or the Entitlement Offer generally.



## Acknowledgement of Traditional Owners

The operations of Energy Resources of Australia Ltd (**ERA** or the **Company**) are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park

ERA respectfully acknowledges the Mirarr, Traditional Owners of the land on which the Ranger mine is situated



Artist: Tim Djandjomerr (*Community Relations Office wall painting*)

[www.energyres.com.au](http://www.energyres.com.au)

4 Not for release or distribution in the United States

## Outline



- Executive summary
- Purpose of the Entitlement Offer
- Details of the Entitlement Offer
- Key risks
- Selling restrictions / jurisdictions

## Executive summary



- ERA is undertaking a fully underwritten 6.13 for 1 pro rata renounceable entitlement offer to raise approximately \$476 million, at an offer price of \$0.15 per share
- Proceeds will fund ERA's rehabilitation obligations for the Ranger Project Area and enable it to continue as a going concern
  - While the rehabilitation spend occurs progressively over the rehabilitation period, the rehabilitation obligation is definite and must be taken into account by the Board when assessing ERA's present solvency
  - Given the material increase in ERA's assessment of the estimated rehabilitation costs earlier this year, the amount of security required under the Ranger Rehabilitation Trust Fund<sup>1</sup> may increase substantially following completion of the Commonwealth Government's annual review process, expected to complete in the first quarter of 2020
  - Expenditure on Ranger Project Area rehabilitation is not expected to generate any direct financial return for ERA
- ERA believes the successful rehabilitation of the Ranger Project Area is a prerequisite to support future operations and growth beyond Ranger
  - \$20 million has been provisionally designated from existing cash resources and expected future cash flows for expenditure on prospective growth opportunities or as otherwise determined by the Board

Note: 1. At present, the Ranger Rehabilitation Trust Fund includes both cash (\$76 million) and bank guarantees (\$334 million). The security requirement of \$410 million was determined by the Commonwealth during 2018 when ERA's rehabilitation provision was ~\$526 million (provision as at 31 December 2017). The Company's rehabilitation provision increased following finalisation of the Feasibility Study and was \$799 million as at 30 June 2019  
www.energyres.com.au



## Executive summary (cont'd)

- ERA has concluded that the Entitlement Offer is the only commercially viable funding solution for the Company to meet its rehabilitation obligations for the Ranger Project Area
  - The Entitlement Offer follows a comprehensive assessment of a range of potential funding alternatives, including extensive engagement with Rio Tinto
- Rio Tinto has indicated its support for the capital raising and is acting as underwriter given the inability of ERA to secure third party underwriting support
  - Rio Tinto (acting through its wholly-owned subsidiaries) has committed to take-up its 68.39% entitlement
  - Rio Tinto's subsidiary, North Limited, will underwrite any shortfall of the Entitlement Offer pursuant to the Underwriting Agreement (the Underwriter)
  - Rio Tinto has informed ERA that, in forming its view to participate in, and underwrite, the Entitlement Offer, it has taken into account that the funding contributed to ERA is not expected to result in any direct financial return for ERA
- Rio Tinto is supportive of the Entitlement Offer with the objective of ensuring that ERA has the funds required to meet its rehabilitation obligations

## Outline



- Executive summary
- Purpose of the Entitlement Offer
  - Details of the Entitlement Offer
- Key risks
- Selling restrictions / jurisdictions

# ERA is one of Australia's largest uranium producers with almost four decades of uranium production history and experience



- Since commencement of operations at Ranger in 1981, ERA has developed a track record of reliably supplying customers to provide fuel for the global nuclear power generation industry
- ERA currently owns two key assets located on Aboriginal land and surrounded by Kakadu National Park:
  - Ranger – mining from Ranger ceased in 2012 with remaining stockpiles continuing to be processed
    - The Ranger Project Area is currently undergoing progressive rehabilitation in line with applicable Commonwealth and Northern Territory statutory requirements
    - Ranger 3 Deeps exploration decline is under a reduced care and maintenance program. ERA is of the view that the prospect of any development is remote considering the economic, legislative and operational challenges that exist
  - Jabiluka – a high quality, undeveloped uranium orebody of global significance. At present, the Jabiluka Mineral Lease remains in long term care and maintenance<sup>1</sup>
- The strategic priority of ERA is to continue the progressive rehabilitation of the Ranger Project Area
  - Operational priorities continue to be progressed and include:
    - Maximising the generation of cash flow from processing stockpiled ore at Ranger
    - Delivering cost and productivity improvements via the Safety Transforming ERA Together program
    - Continuing to demonstrate best-in-class protection of the local environment
    - Preserving optionality over the Company's undeveloped resources
    - Maintaining regular engagement with the Company's key stakeholders



Note: 1. In accordance with the Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners

<sup>9</sup> Not for release or distribution in the United States

[www.energyres.com.au](http://www.energyres.com.au)



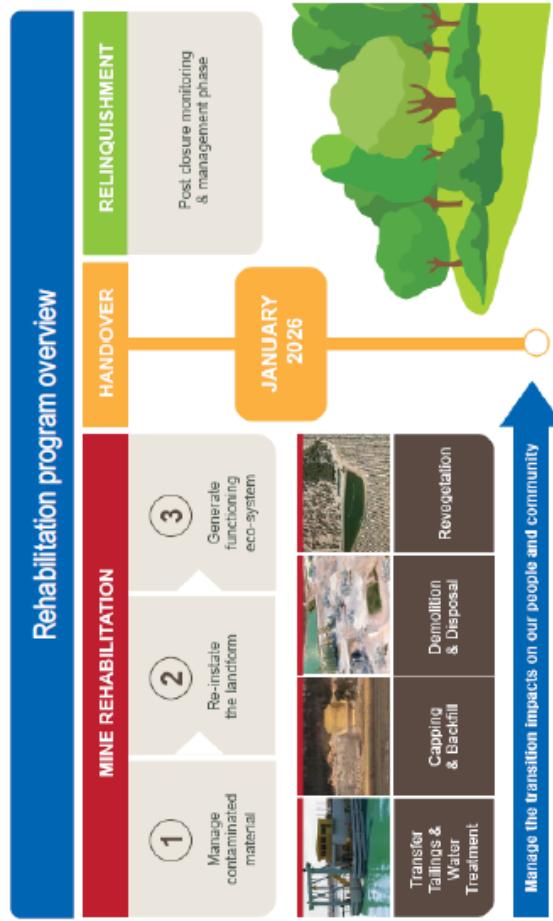
## The successful rehabilitation of the Ranger Project Area is a strategic priority for ERA

- ERA's legal obligations to rehabilitate the Ranger Project Area are long-standing. The Ranger s41 Authority requires ERA to complete rehabilitation by January 2026 so that the environment at the site is similar to adjacent areas of Kakadu National Park
  - These obligations reflect the cultural and environmental significance of the area to the Mirarr Traditional Owners, Australia and the world
- ERA has an executable plan to fully rehabilitate the Ranger Project Area in accordance with the Company's legal obligations
  - The inaugural public release of the Mine Closure Plan in June 2018 was a milestone for ERA and was followed by the finalisation of the Ranger closure feasibility study (Feasibility Study) in February 2019
  - The Mine Closure Plan was updated in October 2019 and will continue to be updated annually in close consultation with Traditional Owner representatives, regulators and key stakeholders
- ERA does not have sufficient existing cash resources or expected future cash flows from sale of inventory or processing of the stockpiles at Ranger to fulfil its rehabilitation obligations. The Entitlement Offer is being undertaken with the objective of ensuring that ERA is able to rehabilitate the Ranger Project Area as contemplated in the Mine Closure Plan



## Overview of Ranger Project Area rehabilitation program

- As at 30 June 2019, the Company's recorded rehabilitation provision in the balance sheet was \$799 million<sup>1</sup> (\$858 million undiscounted in real terms<sup>2</sup>)
- This corresponds to an estimated rehabilitation project expenditure of approximately \$925 million (undiscounted in nominal terms)<sup>3</sup>



		Estimated rehabilitation project expenditure <sup>4</sup>	
		As at 30 June 2019	\$m
	Transfer tailings and water treatment	276	
	Capping and backfill	226	
	Site services and support	149	
	Revegetation	80	
	Owners cost and engineering <sup>5</sup>	77	
	Demolition and disposal	38	
<b>Estimated expenditure to January 2026</b>		<b>846</b>	
Post closure monitoring (2026 – 2051)		12	
<b>Total (undiscounted in real terms)<sup>2</sup></b>		<b>858</b>	
<b>Total (undiscounted in nominal terms)<sup>3</sup></b>		<b>925</b>	

Notes:

1. Reported in accordance with Australian Accounting Standards (discounted at 2 per cent in real terms, excluding employee termination benefits not yet recognised and includes an allowance of \$1 million in relation to the estimated costs of Jabuluka Mineral Lease rehabilitation expense)

2. Excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and includes an allowance of \$1 million in relation to the estimated costs of Jabuluka Mineral Lease rehabilitation expense, and excluding employee termination benefits not yet recognised in line with Australian Accounting Standards

3. Including projected impact of inflation and an allowance of \$1 million in relation to the estimated costs of Jabuluka Mineral Lease rehabilitation expense, and excluding employee termination benefits not yet recognised in line with Australian Accounting Standards

4. Undiscounted estimated rehabilitation project expenditure including an allowance for contingency/estimate for contingency is based on quantitative risk assessment. For the purposes of the information presented in the table, the contingency amount has been prorated across activities and excluding employee termination benefits not yet recognised in line with Australian Accounting Standards. The above cost estimate is a central estimate and is expected to be within -13% and +15% of the final actual cost, which is the range adopted by ERA to complete a feasibility study. This does not represent a minimum or maximum range and actual costs may vary by more than the specified level of accuracy. Risks associated with the rehabilitation cost estimates are outlined in the Key Risks section

5. Includes an allowance of \$1 million in relation to the estimated costs of Jabuluka Mineral Lease rehabilitation expense



**The standard of rehabilitation that must be achieved is to return the environment at the Ranger Project Area to a state similar to adjacent areas of the World Heritage listed Kakadu National Park**

**2012 – Cessation of mining at Ranger**



Pit 3 at completion of mining in November 2012

**2019 – Progressive rehabilitation**



Pit 3 2019

**2023 – Pit 3 approaching completion**



Pit 3 capping approaching completion (image from Ranger Closure animation)

**2026 – Completion of rehabilitation**



Revegetated site (image from Ranger Closure animation)



## Progressive rehabilitation is underway with a number of milestones achieved

- Approximately \$559 million spent on rehabilitation and water management projects since 2012<sup>1</sup>
  - Key works completed include construction and operation of the brine concentrator, preliminary Pit 3 backfill, Pit 1 capping and design, and construction and commissioning of the tailings dredging system
- Closure Feasibility Study finalised in February 2019
  - Findings of the Feasibility Study increase confidence that ERA's planned rehabilitation strategy will satisfy the applicable regulatory obligations, including the January 2026 milestone
  - The study was supported by an experienced engineering services provider and examined the technical, costing and scheduling aspects of Ranger closure regarding the prescribed closure criteria, the progressive rehabilitation activities already undertaken and updated closure forecasts and modelling
- Dredging continues to transfer tailings from the Tailings Storage Facility to Pit 3
  - Additional dredging capacity was commissioned in Q3 2019
- Construction and commissioning activities continue on alternative process water treatment capacity to complement the existing Brine Concentrator
- Following regulatory approval, Pit 1 final backfill and final landform commenced in May 2019



Trial Landform 2019



Workboat Ginga being placed into the Tailings Storage Facility

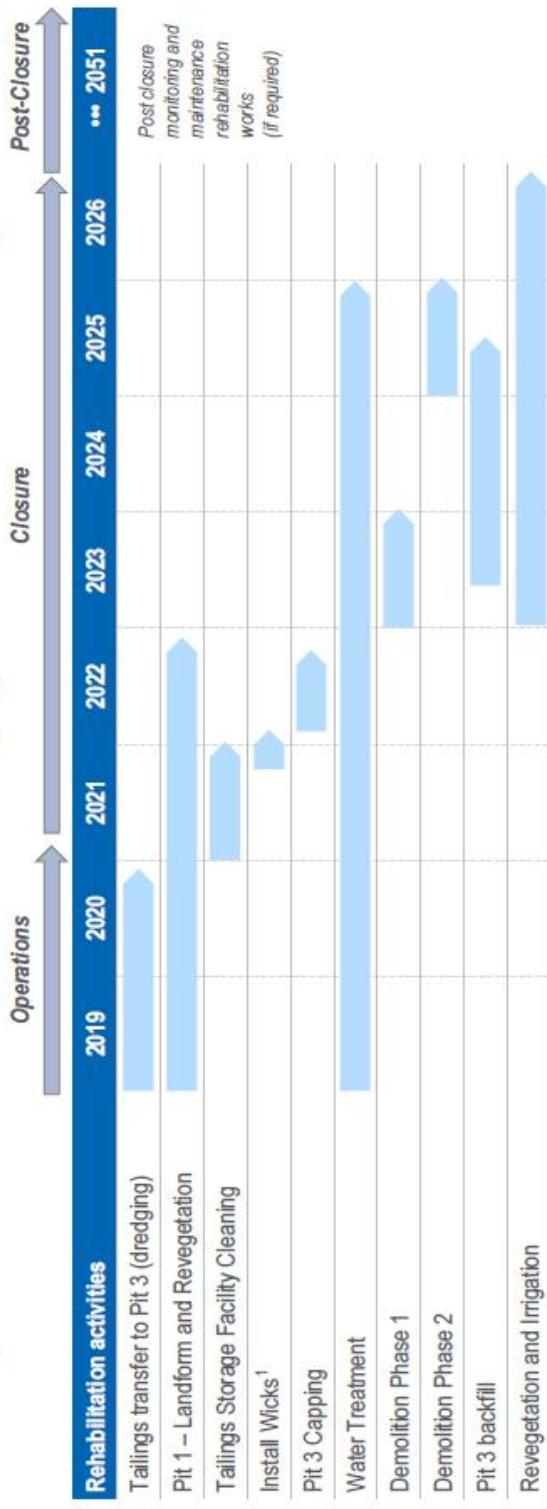
Note: 1. Excludes operating costs relating to the Brine Concentrator and water treatment and management  
13 Not for release or distribution in the United States

[www.energyres.com.au](http://www.energyres.com.au)



## ERA has an executable plan to fully rehabilitate the Ranger Project Area in accordance with the Company's obligations

- The Mine Closure Plan is reviewed and updated annually in accordance with Commonwealth and Northern Territory regulatory requirements
- Closure implementation includes the completion of the following key rehabilitation activities before January 2026



Over 1.2 million trees to be established or grown



27 million cubic metres of tailings removed from Tailings Storage Facility



Over 16.5 gigalitres of process water treated over next five years



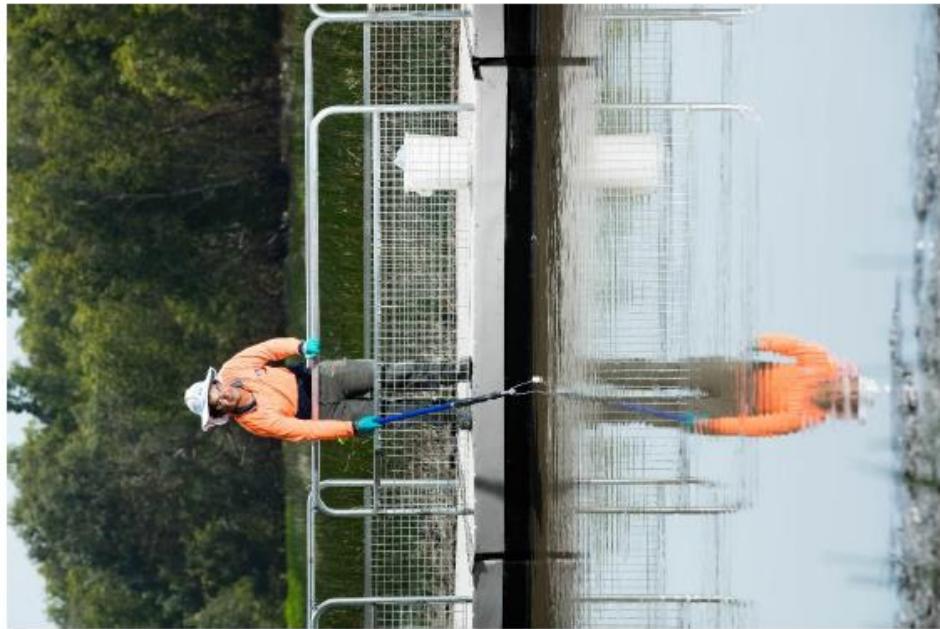
1,190 hectares of land to be rehabilitated

Note: 1. Wicks are pre-fabricated vertical drains which aid the tailings consolidation process  
14 Not for release or distribution in the United States  
www.energyres.com.au



## Successful rehabilitation of the Ranger Project Area will create a sustainable, positive legacy for ERA

- ERA believes successful rehabilitation is a prerequisite to support future operations and growth beyond Ranger
- Beyond meeting the Company's environmental, economic and social responsibilities, successful rehabilitation will underpin ERA's reputation with key stakeholders and further demonstrate its commitment to a sustainable, long-term approach to operations in the region
- Successful rehabilitation will support ERA in preserving its options with respect to the Jabiluka Mineral Lease
  - Jabiluka is a large, high quality uranium orebody of global significance and remains one of ERA's key assets. At present, the Jabiluka Mineral Lease remains under long term care and maintenance
    - In accordance with the Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners
- \$20 million has been provisionally designated from ERA's existing cash and expected future cash flows for expenditure on prospective growth opportunities or as otherwise determined by the Board



*Ensuring protection of the surrounding National Park*

[www.energyres.com.au](http://www.energyres.com.au)

Not for release or distribution in the United States

15

## Outline



- Executive summary
- Purpose of the Entitlement Offer
- **Details of the Entitlement Offer**
- Key risks
- Selling restrictions / jurisdictions



## Overview of the Entitlement Offer

<b>Offer structure and size</b>	<ul style="list-style-type: none"><li>Fully underwritten 6.13 for 1 pro rata renounceable entitlement offer to raise approximately \$476 million<ul style="list-style-type: none"><li>Approximately 3,174 million new fully paid ordinary shares to be issued (<b>New Shares</b>)</li></ul></li><li>New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in ERA</li><li>As the Entitlement Offer is renounceable, Eligible Shareholders may sell all or part of their entitlements on ASX at the prevailing market price for the entitlements (provided there is a viable market for entitlements)</li><li>Entitlements trading period commences on Tuesday, 19 November 2019 and ends on Wednesday, 4 December 2019</li></ul>
<b>Offer price</b>	<ul style="list-style-type: none"><li>Offer price of \$0.15 per share<ul style="list-style-type: none"><li>38% discount to the 10-day volume-weighted average price of \$0.24 per share (rounded to 2 decimal places) to 14 November 2019<sup>1</sup></li></ul></li></ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"><li>Proceeds raised from the Entitlement Offer, along with ERA's existing cash resources and expected future cash flows, will primarily be used to fund rehabilitation of the Ranger Project Area</li><li>Expenditure on Ranger Project Area rehabilitation is not expected to generate any direct financial return for ERA</li><li>\$20 million has been provisionally designated from existing cash resources and expected future cash flows for expenditure on prospective growth opportunities or as otherwise determined by the Board</li></ul>
<b>Significant shareholder participation</b>	<ul style="list-style-type: none"><li>Major shareholder Rio Tinto has indicated its support for the Entitlement Offer and has committed to take up its 68.39% entitlement in full (acting through its wholly-owned subsidiaries)</li><li>Rio Tinto (acting through North Limited) will also underwrite any shortfall of the Entitlement Offer pursuant to the Underwriting Agreement</li></ul>

Note: 1. The Offer Price represents an 8% discount to the theoretical ex-rights price (TERP) of \$0.16 per share (rounded to 2 decimal places) as at 14 November 2019. Note TERP is a theoretical calculation only and the actual price at which shares in ERA trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not be equal to TERP  
17 Not for release or distribution in the United States  
[www.energyres.com.au](http://www.energyres.com.au)

## Overview of the Entitlement Offer (cont'd)



<b>Shortfall Facility</b>	<ul style="list-style-type: none"><li>• Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares at the Offer Price in excess of their entitlement under the Shortfall Facility</li><li>• The allocation of any additional New Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes</li></ul>
<b>Shortfall Bookbuild</b>	<ul style="list-style-type: none"><li>• Euroz Securities Limited has been appointed as broker to the Entitlement Offer to undertake a back-end shortfall bookbuild of any shortfall shares that remain available after allocations have been made under the Shortfall Facility</li><li>• Subject to demand, the broker will invite applications for New Shares from institutional and/or sophisticated investors for New Shares not taken up under the Shortfall Facility, at an issue price that is not less than the Offer Price</li><li>• Any New Shares not placed through this Shortfall Bookbuild would, subject to the Underwriting Agreement, then be acquired by the Underwriter</li><li>• Any premium received on New Shares issued under the Shortfall Bookbuild will be designated for expenditure on prospective growth opportunities or as otherwise determined by the Board</li></ul>
<b>Nominee Sale Process</b>	<ul style="list-style-type: none"><li>• ERA has appointed BumVoir Corporate Finance as nominee to sell the entitlements which would otherwise have been offered to ineligible shareholders if they were eligible to participate in the Entitlement Offer</li><li>• If there is a viable market for entitlements, these entitlements will be sold by the nominee to eligible investors, with the net proceeds, if any, distributed to the ineligible shareholders proportionately</li></ul>
<b>Rio Tinto Credit Facility</b>	<ul style="list-style-type: none"><li>• The existing \$100 million loan agreement with North Limited, a wholly-owned subsidiary of Rio Tinto entered into in 2016 (Loan Agreement) is currently undrawn and remains in place, should additional funding ultimately be required</li><li>• Drawdown of the credit facility under the Loan Agreement is subject to ERA being able to demonstrate at the time of drawdown that it satisfies customary conditions precedent as mentioned in the "credit facility agreement" announcement released on 29 April 2016</li></ul>

18

Not for release or distribution in the United States

[www.energyres.com.au](http://www.energyres.com.au)



## Proceeds enable ERA to fund its rehabilitation obligations for the Ranger Project Area and continue as a going concern

As at 30 June 2019	\$ million
Total estimated rehabilitation project expenditure <sup>1</sup>	925
Less: Total cash resources, including \$76 million held in the Ranger Rehabilitation Trust Fund	(425)
Less: Net proceeds from the entitlement offer <sup>2</sup>	(474)
<b>Balance of rehabilitation expenditure<sup>1</sup> to be funded through future cash flows (as at 30 June)<sup>3</sup></b>	<b>26</b>

- In determining the size of the Entitlement Offer, ERA has taken into account the following factors:

- As a result of timings within the contract portfolio, sales volumes in 2019 are weighted towards the first half of the year, with ERA substantially fulfilling its contract sales for the year by 30 June 2019. Absent receipt of proceeds from the Entitlement Offer the cash balance is expected to decline by the 2019 year end
  - The cash balance at 31 October 2019 was \$328 million (unaudited including \$76 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund)
- During the second half of 2019, ERA expects to produce sufficient drummed inventory to meet supply commitments under its existing long-term contract portfolio. As a result, a greater proportion of future sales will be exposed to the spot market. ERA continues to monitor production economics and plans to continue to produce, in 2020, provided a positive cash margin is generated between the marginal production cost and the uranium spot price
- Future cashflow including interest earned on the cash balance is forecast to fund business continuity costs (including employee termination benefits). Furthermore, a sum of \$20 million<sup>4</sup> has been provisionally designated from existing cash resources and expected future cash flows for expenditure on prospective development opportunities or otherwise as the ERA Board determines to be in the interests of the Company from time to time
- A level of contingency has been included in the estimated rehabilitation project expenditure and the existing \$100 million credit facility with Rio Tinto remains in place and is undrawn

Notes:

1. Undiscounted in nominal terms and excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and includes an allowance of \$1 million in relation to the estimated costs of Jabiluka Mineral Lease rehabilitation expense

2. Net of transaction costs

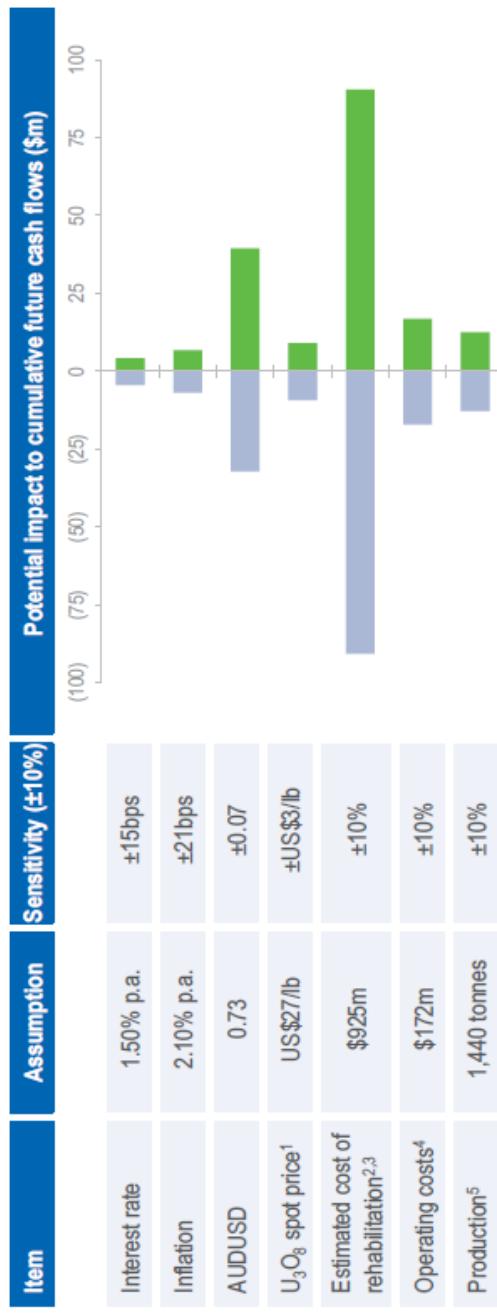
3. This is a point in time estimate and the balance will change over time due to a number of factors including the spend on rehabilitation and working capital movements

4. This amount will increase by the premium (if any) received on any New Shares issued under the Shortfall Bookbuild  
Not for release or distribution in the United States  
[www.energyres.com.au](http://www.energyres.com.au)



## Cash flow forecast sensitivity

- Proceeds raised from the Entitlement Offer, along with ERA's existing cash resources and expected future cash flows, will primarily be used to fund rehabilitation of the Ranger Project Area
- It is important to note that the Company's cash flow projections are reliant on the accuracy of underlying operational and macroeconomic assumptions over the period of the rehabilitation program
- Potential impact to cumulative future cash flows based under various sensitivities is summarised below
- Notwithstanding the diligence applied by the Company through the Feasibility Study process, risks exist that the amount raised will be insufficient and further funds will be required. Further detail in relation to risk of adverse movements are contained in the Key Risks section



Note:

1. ERA has a number of existing customer contracts that are required to be fulfilled through to 2021 and therefore the sensitivity shown above is only in relation to the forecasted sales expected to be sold at spot prices
  2. Undiscounted in nominal terms
  3. Excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and includes an allowance of \$1 million in relation to the estimated costs of Jabiluka Mineral Lease rehabilitation expenses
  4. Estimated operating costs for 2020 (net of cost savings from business transformation program) based on internal estimates used for forecasting future cash flows. Operating costs include raw materials and consumable costs, fuel (diesel) costs, employee salaries and benefits (excluding termination benefits), contractors and consultants costs, royalty costs, water treatment costs, shipping and other statutory and corporate costs. Estimated operating costs for 2020 are subject to final detailed planning and endorsement by the Board
  5. Production estimate until January 2021 based on prior period performance and internal estimates used for forecasting future cash flows. Production guidance for FY20 is subject to final detailed planning and endorsement by the Board and will be provided along with ERA's FY19 results release
- Not for release or distribution in the United States  
www.energyres.com.au

## Entitlement Offer timetable



Key events	Date
Announcement of Entitlement Offer	Friday, 15 November 2019
ASX release of Offer Booklet, Cleansing Notice and Appendix 3B	Friday, 15 November 2019
Notices sent to shareholders	Monday, 18 November 2019
"Ex" date	Tuesday, 19 November 2019
Entitlements trading on ASX begins on deferred settlement basis	Tuesday, 19 November 2019
Record date for eligibility in the Entitlement Offer	7:00pm (AEDT) on Wednesday, 20 November 2019
Entitlement Offer opens	Friday, 22 November 2019
Mailing of personalised Entitlement and Acceptance Form and the Offer Booklet to Eligible Shareholders, and entitlements allocated	Friday, 22 November 2019
Entitlement trading on ASX on normal settlement basis begins	Monday, 25 November 2019
Entitlements trading on ASX ends	Wednesday, 4 December 2019
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Thursday, 5 December 2019
Last day to extend the Entitlement Offer closing date	Friday, 6 December 2019
Entitlement Offer closes	5:00pm (AEDT) on Wednesday, 11 December 2019
Determination of allocation under Shortfall Facility and Shortfall Bookbuild	Friday, 13 December 2019
Notification of Shortfall to ASX	Monday, 16 December 2019
Issue of New Shares under the Entitlement Offer	Wednesday, 18 December 2019
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 19 December 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Thursday, 19 December 2019

21

Not for release or distribution in the United States

[www.energyres.com.au](http://www.energyres.com.au)

## Outline



- Executive summary
- Purpose of the Entitlement Offer
- Details of the Entitlement Offer
- Key risks**
- Selling restrictions / jurisdictions

# Key risks



## Introduction

A number of risks and uncertainties, which are both specific to ERA and of a more general nature, may affect the future operating and financial performance of ERA and the value of ERA shares. This section describes some, but not all, of the material risks and uncertainties associated with investing in ERA which potential investors should consider together with publicly available information (including this presentation) concerning ERA before participating in the Entitlement Offer or making an investment decision. You should carefully consider the following risk factors, as well as the other information provided to you by ERA in connection with the Entitlement Offer, and consult your financial and legal advisers before deciding whether to invest in the New Shares. The risks and uncertainties described below are not the only ones facing ERA. Additional risks and uncertainties that ERA is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect ERA's business and its financial position and performance.

## Change in rehabilitation estimate and provision

In accordance with applicable Commonwealth and Northern Territory Government statutory requirements, ERA is required to cease mining and processing activities at the Ranger Project Area by January 2021 and must rehabilitate the site by January 2026.

On 8 February 2019, ERA confirmed the approval and implementation of the Feasibility Study. The Feasibility Study, prepared in accordance with the Ranger Mine Closure Plan released in June 2018, was supported by an experienced engineering services provider and examined the technical, costing and scheduling aspects of Ranger closure having regard to the prescribed closure criteria, the progressive rehabilitation activities already undertaken and updated closure forecasts and modelling. Approval and implementation of the Feasibility Study resulted in an estimated rehabilitation provision as at 31 December 2018 of \$80 million (discounted at 2 per cent and presented in real terms; \$897 million undiscounted in real terms, excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and includes an allowance of \$1 million in relation to the estimated costs of Jabiluka Mineral Lease rehabilitation expense). The current rehabilitation provision for the Ranger Project Area as at 30 June 2019 is \$799 million (discounted at 2 per cent and presented in real terms; \$925 million undiscounted in nominal terms, excluding employee termination benefits not yet recognised in line with Australian Accounting Standards and includes an allowance of \$1 million in relation to the estimated costs of Jabiluka Mineral Lease rehabilitation expense). Calculating the rehabilitation provision requires significant estimation and judgement by the Company. Assumptions are made in respect of methods of rehabilitation, costs and timing, as well as the potential for changes in legal requirements, technological changes, environmental conditions, weather events and market conditions. The most significant components of the provision relate to material movement, water treatment, tailings transfer, demolition and revegetation. Any significant change to the components and schedule of activities to implement closure and rehabilitation may adversely affect the cost, timing and completion of the rehabilitation in accordance with applicable Commonwealth and Northern Territory statutory requirements.

Ultimately, the cost of rehabilitation of the Ranger Project Area is uncertain and may be more or less than the current rehabilitation estimate. Rehabilitation costs may increase in response to factors beyond ERA's control such as legal requirements, technological changes, environmental conditions, weather events and market conditions. In addition, should current forecasts for foreign exchange rate, prices, costs and processing of stockpiles not be realised, additional funding may be required to fund the rehabilitation of the Ranger Project Area. Any increase in rehabilitation costs is likely to have a material adverse effect on ERA's business and its financial position and performance. In addition, the rehabilitation provision is discounted at 2 per cent and presented in real terms, this discount rate is reviewed from time to time to ensure alignment with broader economic conditions. Any change to this, along with changes to the timing of payments would impact the discounted provision causing it to be increased or decreased, may materially affect ERA's business and its financial position and performance.

## Water treatment

Management of water on the Ranger Project Area is critical to the ongoing operation of ERA's processing and rehabilitation activities. ERA has a number of procedures and initiatives underway in respect to water management, including the Brine Concentrator. To the extent that these initiatives cost more than expected or ERA is required to implement further initiatives (such as the installation of additional water treatment infrastructure), ERA may have insufficient funds for rehabilitation which will adversely affect its financial position and performance.

## Wet season and weather

The Ranger Project Area is subject to the extreme contrast of weather conditions that exist in the Northern Territory. The extent of each wet season can have a significant impact on ERA's processing and rehabilitation activities, including but not limited to a suspension of processing operations. Wet seasons that exceed long term averages will have a material adverse effect on ERA's ability to implement water management and on its ability to meet its other rehabilitation initiatives and, accordingly, affect ERA's financial position and performance.

## Key risks (cont'd)



### Transfer of Tailings to Pit 3

ERA is well progressed with the dredging of tailings for the Tailings Storage Facility to their final deposition point in Pit 3. Completion of this activity within the required schedule is critical to meeting the overall closure timeline. Key factors that could impact the timely transfer of tailings, include: tailings characteristics, free process water levels and dredge availability and productivity. Any material delay to tailings transfer completion may impact the closure schedule or require additional funds to compress the schedule, which will materially adversely affect ERA's financial position and performance as well as its ability to meet its rehabilitation obligations.

### Process Water Salt Disposal

As a result of treating process water, a waste stream of contaminated salt is generated. This is ultimately stored below tailings in Pit 3. This technology has previously been commissioned but the long-term performance is yet to be fully confirmed. Should the disposal of salt in this manner not prove viable, an alternate method of salt disposal would be required. This would require additional capital expenditure which has not been allowed for in either the schedule or costing and may not be available to ERA. This could materially adversely affect ERA's financial position as well as its ability to meet its rehabilitation obligations.

### Tailings Consolidation and Expression of Process Water

Following the completion of transfer of tailings to Pit 3 from the processing plant and dredging from the Tailings Storage Facility, the final capping of Pit 3 will commence. During the capping process the tailings in Pit 3 will consolidate and express process water that will need to be collected and treated. The consolidation process will be aided by installing vertical wicks and the knowledge of the consolidation timeframe is backed up by detailed model based on in situ testing of site tailings. The consolidation model accuracy and predictions of rates of process water expression is impacted by many factors including: tailings density and other characteristics, deposition method and free process water volume in the pit during deposition. Should tailings consolidation take longer than expected, process water expression will take longer and as such require active treatment beyond ERA's current estimates. This would involve running the Brine Concentrator longer which has not been allowed for in either the schedule or costing. This could result in ERA not meeting its rehabilitation obligations on time and require additional funding that may not be available to ERA, and have a material adverse effect on ERA's financial position and performance.

### Environmental risk

A condition of the authority granted to ERA pursuant to section 41 of the Atomic Energy Act 1953 (Cth) (**s.41 Authority**) is that ERA must rehabilitate the Ranger Project Area to establish an environment similar to the adjacent areas of Kakadu National Park such that, in the opinion of the Minister with the advice of the Supervising Scientist, the rehabilitated area could be incorporated into the Kakadu National Park. While substantially complete and agreed, certain closure criteria relating to environmental matters for Ranger are still to be finalised and agreed to by the stakeholders (including, in particular, the Ranger and Jabiruka Minesite Technical Committees). The ability for ERA to meet its Ranger closure and rehabilitation obligations requires careful management of various environmental conditions into the future, including preventing:

- pond and process water being discharged to the environment;
- impact of surface water on groundwater under the site and on the surrounding environment;
- impact of salt accumulation in dry watercourses during the dry season;
- weeds, feral animals and fire from the Kakadu National Park encroaching the Ranger Project Area; and
- release, spillage and impact on the surrounding environment of hazardous materials such as radioactive material, diesel and acid.

If these environmental conditions are not satisfactorily managed, ERA's ability to complete the rehabilitation program in a timely and cost effective manner will be at risk and ERA's business and its financial position and performance may be materially impacted.

## Key risks (cont'd)



### Ranger Rehabilitation Trust Fund

ERA is required to maintain a Ranger Rehabilitation Trust Fund (Trust Fund) with the Commonwealth Government. The Trust Fund is intended to provide security against the estimated costs of closing and rehabilitating the Ranger mine immediately (rather than upon the planned cessation of mining operations). Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation (Annual Plan). Once accepted by the Commonwealth Government, the Annual Plan is then independently assessed and costed and the amount to be provided by the Company into the Trust Fund is then determined. Given the material increase in ERA's assessment of the estimated rehabilitation costs in February 2019, the amount of security required to be provided may well increase substantially following completion of the Commonwealth Government's annual review process. This is currently expected to complete in the first quarter of 2020.

At present, the Trust Fund includes both cash (\$76 million) and bank guarantees (\$334 million). The security requirement of \$410 million was determined by the Commonwealth during 2018 when ERA's rehabilitation provision was -\$526 million (provision as at 31 December 2017). The Company's rehabilitation provision increased following finalisation of the Feasibility Study and was \$799 million as at 30 June 2019. The Company's ability to continue to access financial guarantees can be influenced by many factors including potential future cash balance, cash flows and shareholder support. At present, the Company has a shortfall between its existing cash balance and the security under the Annual Plan. Should one or more of the financial guarantees be withdrawn prior to completion of the Entitlement Offer and the Company is unable to access replacement guarantees, substantial additional cash would be required to be deposited into the Trust Fund. This is likely to have a material adverse effect on ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations.

If the Commonwealth subsequently increases the amount of security required in the Trust Fund and ERA is unable to meet the Commonwealth's demand for the increased amount, this would place its ability to meet its rehabilitation obligations with the Commonwealth and Northern Territory Governments at significant risk and place ERA's ability to continue as a going concern at risk.

### Access to capital risk

On 29 April 2016, the Company entered into a \$100 million Loan Agreement with North Limited (a wholly-owned subsidiary of Rio Tinto) in support of ERA's rehabilitation obligations should additional funding ultimately be required. This agreement currently remains in place and is undrawn. Drawdown of the credit facility under the Loan Agreement is subject to ERA being able to demonstrate at the time of drawdown that it satisfies customary conditions precedent as mentioned in the "credit facility agreement" announcement released on 29 April 2016. The Loan Agreement contains a review mechanism which is triggered if, before the first drawdown, the estimated rehabilitation cost increases by \$12.5 million or more for reasons other than external factors or operational issues beyond ERA's reasonable control. The review mechanism ultimately provides Rio Tinto with a right to terminate the Loan Agreement if the parties cannot agree a satisfactory path forward following such an increase in the estimated rehabilitation cost. If future estimates of the rehabilitation costs are materially higher than those currently estimated, ERA will be required to increase the rehabilitation provision, which in turn may result in termination of the Loan Agreement. The termination of the Loan Agreement may have a material adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance.

Should ERA require additional funding for rehabilitation of the Ranger Project Area or otherwise beyond the Entitlement Offer, there can be no assurance that additional funding will be available on acceptable terms, or at all. Any inability to obtain additional capital or to monetise assets would have a material adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and its financial position and performance. If ERA does not have sufficient funding to support its continued operations and rehabilitation of the Ranger Project Area, ERA may be unable to meet its liabilities as and when they fall due and its ability to continue as a going concern.

### Other support from Rio Tinto

ERA has arrangements with Rio Tinto to provide operational support, under which Rio Tinto provides certain shared services to ERA, including corporate services, procurement and technical mining support on an arm's length basis. To the extent that these arrangements come to an end, ERA would need to procure replacement services. A loss of access to Rio Tinto's resources and support may have a material adverse effect on ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations.

## Key risks (cont'd)



### Compulsory acquisition of ERA by Rio Tinto

The take-up by the Underwriter and its related bodies corporate of their entitlements, and the Underwriter underwriting the Entitlement Offer, is likely to result in greater control passing to Rio Tinto (and its related bodies corporate) that could be materially adverse to ERA shareholders. If, immediately after the Entitlement Offer, Rio Tinto has beneficial interests in 90% or more of all ERA shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining ERA shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act 2001 (Cth) (otherwise known as the "general compulsory acquisition procedure").

ERA has been informed by Rio Tinto that it has not yet decided whether it will exercise its right of compulsory acquisition if it is entitled to do so, and it does not intend to make that decision until the outcome of the Entitlement Offer is known. If Rio Tinto elects to exercise the right of compulsory acquisition, it must:

- offer a cash amount for the acquisition of the remaining ERA shares, which must be the same amount for each share;
- engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the ERA shares being acquired; and
- provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

The cash amount per share offered by Rio Tinto pursuant to any potential compulsory acquisition process of the remaining ERA shares is uncertain and would be determined by Rio Tinto at its discretion, which could be more or less than the Offer Price under the Entitlement Offer.

### Trading and liquidity risks

There can be no guarantee that an active market for ERA shares will exist. There may be relatively few potential buyers or sellers of ERA shares on the ASX at any given time. In addition, given the increased likelihood that the Underwriter and its related bodies corporate will increase their relevant interest in ERA through their commitment to take up their entitlements under and the Underwriter underwriting the Entitlement Offer, it is likely that there will be considerably reduced liquidity. This may increase the volatility of the market price of ERA shares. It may also affect the prevailing market price at which shareholders are able to sell their shares. This may result in shareholders receiving a market price for their shares that is less or more than the price that shareholders paid for their New Shares under the Entitlement Offer.

### Prospective development risks

Mining, exploration and the development of mineral interests are high risk activities that require significant expenditure over extended periods of time. There is no guarantee that any prospective development opportunities in which ERA may undertake will be successful in delineating economically viable mineral reserves and resources. There is also no guarantee that any prospective development opportunities will be economically viable, as for example, the size of the resource or its grade may be less than expected or the ore may contain more carbonite than expected (impacting processing and recovery).

Nor is there any guarantee that ERA will be able to secure and/or maintain title to ERA's exploration and mining tenements. In particular, ERA's current right to occupy the Ranger Project Area expires in January 2026 and its ability to renew this right is limited by legislation. The current s.41 Authority requires ERA to cease mining and processing operations on the Ranger Project Area by January 2021 and complete rehabilitation by January 2026 (see "Security of Tenure and the Atomic Energy Act" on page 29).

Any prospective development opportunities in which ERA is, or may become, involved are subject to risks, including technical risk, obtaining necessary stakeholder approvals, changes in reserves, commodity prices, exchange rates, construction costs, design requirements and delays in construction. Each may adversely affect the commerciality and economics of a prospective development opportunity. Further, any prospective development opportunity will require consultation with, and in some cases approval and/or support of, various stakeholders, including the Traditional Owners, regulatory bodies and shareholders, prior to any prospective development proceeding.

Prospective developments may also require significant additional funding. If ERA elects to proceed with any prospective mining or exploration opportunities, there is no guarantee that it will be able to raise sufficient additional capital at a cost that is economically viable.

## Key risks (cont'd)



### Undeveloped properties – Jabiluka Mineral Lease

Undeveloped properties are considered assets not yet ready for use. At present, undeveloped properties consist of the Jabiluka Mineral Lease.

The Jabiluka Mineral Lease is currently held subject to a Long Term Care and Maintenance Agreement with the Mirarr Traditional Owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

The valuation of the Jabiluka Mineral Lease requires a high degree of judgment. To determine the fair value, ERA uses a probability weighted discounted cash flow model, based on post-tax cash flows expressed in real terms, estimated until the end of the life of mine plan and discounted using an asset-specific post-tax real discount rate. Results are cross checked against market valuations of other undeveloped mining projects in the uranium industry and the broader mining sector, including market valuations of mining assets subject to long term approval constraints.

Key assumptions to which the Jabiluka model is sensitive include: the probability of future development (which includes an assessment of obtaining any required approval and/or support of various stakeholders, including the Traditional Owners, regulatory bodies and shareholders), uranium oxide prices (including term contract price premiums in the future), foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources, lease tenure renewal and development delays. A change in these assumptions may result in further impairment. Selected downside sensitivities to the fair value of the Jabiluka Cash Generating Unit and the potential impact on impairment testing at 30 June 2019 are summarised below:

Sensitivity	Potential outcome
-10 per cent change in the forecast uranium oxide prices	\$88 million impairment
+20 per cent change in forecast development cost	\$75 million impairment
+5 per cent change in forecast Australian/US dollar exchange rates	\$36 million impairment
1 per cent increase in discount rate	\$35 million impairment

A change in any of ERA's underlying assumptions may result in further impairment which could adversely affect ERA's financial position and performance.

### Undeveloped resources – Ranger 3 Deeps

The Company has significant undeveloped resources at Ranger 3 Deeps. The Company has implemented a reduced care and maintenance program for the Ranger 3 Deeps exploration decline. Whilst the implementation of this reduced program maintains project optionality, a rapid and sustained recovery of the uranium market is required for the Ranger 3 Deeps Project to be economically viable. Amendments to legislation to effect an extension of the s.41 Authority would be required to manage a gap between the cessation of processing in January 2021 and the commencement of Ranger 3 Deeps production at a later point. This gap, together with an extensive care and maintenance program for the mill and a required pause on rehabilitation activities, would add fixed cost to the operation, further challenging the Ranger 3 Deeps Project's viability. With the current s.41 Authority requiring processing to cease in January 2021 and with decommissioning and rehabilitation of the Ranger Project Area continuing through to January 2026, the prospect of any development is remote and further compromised once the Ranger mine infrastructure begins decommissioning.

At present, no work is being conducted on further development options for the Ranger 3 Deeps deposit.

## Key risks (cont'd)



### Resource estimates and ore reserves

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely, to some extent, on interpretations made which may prove to be inaccurate. Although qualified professionals have been employed to prepare resource estimates for ERA, such estimates may nevertheless prove to be inaccurate.

Furthermore, resource estimates are likely to change over time as new information becomes available. Should ERA encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be adjusted in a way that could adversely affect ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations. It may also have an impact on ERA's development and mining plans.

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the indicated level of recovery will be realised. Material price fluctuations, as well as increased production costs, reduced recovery rates, or fluctuations in foreign exchange, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades, may cause ERA's mining operation to be unprofitable which is likely to have a material adverse effect on ERA's financial position and performance and ability to meet its rehabilitation obligations.

The Annual Statement of Ore Reserves and Mineral Resources is scheduled to be updated in January 2020 and comply with Mandatory JORC 2012 guidelines. This will include assessment by ERA's Competent Person on the ongoing inclusion of the resources associated with Ranger 3 Deeps and Ranger Stockpiles. This assessment may result in the de recognition of these mineral resources either in 2020 or following the cessation of processing at Ranger, required to be no later than January 2021.

### General regulatory risks

Uranium mining in Australia is extensively regulated by Commonwealth and State and Territory Governments. The areas of uranium mining that are regulated include exploration, development, production, transport, export, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and native title. In particular, the approval processes for uranium mining are more onerous, and therefore more costly, than for the mining of other minerals.

The mining and export of uranium is currently permitted under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Commonwealth Government through its licensing process and Australian uranium can only be exported to countries that have signed the nuclear non-proliferation treaty.

Government actions in Australia and other countries or jurisdictions in which it has interests including new or amended legislation, guidelines and regulations in relation to the environment, uranium or nuclear power sectors, competition policy, native title and cultural heritage could impact ERA's operations. Operational aspects that may be affected include, among other things, land access rights, the granting of licences and other tenements, the extension of mine life and the approval of developments.

Future legislation and changes in the regulatory framework could cause additional expense, capital expenditures, restrictions and delays in the development of ERA's assets, the extent of which cannot be predicted. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by ERA, which could have a material adverse effect on ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations.

## Key risks (cont'd)



### Regulators and stakeholders

Uranium mining in the Northern Territory is regulated through a suite of Commonwealth and Northern Territory legislation. The Traditional Owners of the land on which the Ranger Project Area and Jabiluka is situated are the Mirarr people.

ERA's operations are closely supervised and monitored by key statutory bodies and stakeholder organisations including:

- the Northern Territory Department of Primary Industry and Resources (DPIR), the Commonwealth Department of Industry, Innovation and Science (DIIS), the Commonwealth Supervising Scientist Branch (SSB) and the Gundjeihmi Aboriginal Corporation (GAC) and the Northern Land Council (NLC) (representing the Mirarr);
- the Alligator Rivers Region Advisory Committee (including non-government organisation representatives); and
- the Alligator Rivers Region Technical Committee (including non-government organisation representatives).

The Ranger and Jabiluka Mine Site Technical Committees – made up ERA, DPIR, GAC, NLC and SSB (with DIIS as observers) – are the key forums for approvals on environmental matters relating to Ranger and Jabiluka.

The Ranger Mine Closure Plan is subject to ongoing review and refinement, with ERA required to review and submit an updated Annual Plan for regulatory approval each year. In addition, regulatory approvals are required in order to carry out certain rehabilitation activities. If these regulatory approvals are not obtained in a timely manner or are obtained on unsatisfactory conditions, ERA's ability to complete the rehabilitation program in a timely and cost effective manner will be at risk and ERA's business and its financial position and performance may be materially adversely affected.

Regulatory approvals would also be required to commence any production from the Ranger 3 Deep or on any other parts of the Ranger Project Area. As mentioned under "Undeveloped resources – Ranger 3 Deep", at present, no work is being conducted on further development options for the Ranger 3 Deep deposit; no approvals are being pursued and the prospect of any development is remote and further compromised once the Ranger mine infrastructure begins decommissioning.

In relation to Jabiluka, as mentioned under "Undeveloped properties – Jabiluka Mineral Lease" ERA has entered into a Long Term Care and Maintenance Agreement with the Mirarr Traditional Owners. ERA has agreed that the future mining developments at Jabiluka will not occur without the consent of the Mirarr people. There is no guarantee that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

### Security of Tenure and the Atomic Energy Act

The grant or maintenance of tenements or obtaining renewals depends on ERA being successful in obtaining required statutory approvals for proposed activities.

ERA conducts operations on the Ranger Project Area pursuant to the s.41 Authority. The Atomic Energy Act 1953 (Cth) is administered by the Commonwealth Department of Industry, Innovation and Science. Under the s.41 Authority, ERA currently has authority to produce uranium oxide at the Ranger Project Area until January 2021 and must fully rehabilitate the site by January 2026. ERA's current operational, exploration and development strategy has regard to the limits of the current s.41 Authority (i.e. the cessation of mining and processing activities at the Ranger Project Area by January 2021).

Any application for a renewal of the right to explore, mine and process uranium oxide at the Ranger Project Area beyond January 2021 will require an amendment to the Atomic Energy Act to be passed by the Commonwealth Parliament. The conduct of mining and processing operations beyond January 2021 would also require ERA to obtain other related Commonwealth and Northern Territory mining and environmental approvals. While ERA is not currently seeking these approvals, if sought by ERA, there is no guarantee that the legislative amendments would be passed, or passed in the manner sought by ERA.

## Key risks (cont'd)



### Nature of uranium production

Uranium production involves risks which, even with a combination of experience, knowledge and careful evaluation, may not be able to be adequately mitigated. Mining operations are subject to hazards normally encountered in exploration and production. These include unexpected geological formations, rock falls, flooding, and other incidents or conditions which could result in damage to plant or equipment. Any such issues may result in a material adverse impact on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance. Any future commissioning of production from ERA's undeveloped resources, or other prospective development opportunities, may not proceed to plan (if at all) due to factors beyond ERA's control, including regulatory issues, capital costs, changes in legal requirements, technological changes, adverse weather events and adverse environment and market conditions, amongst other things.

### Operational risks

ERA's operations may be delayed or be unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns, decline in uranium prices and demand, foreign exchange fluctuations, equipment and labour shortages, technical concerns including possible reserves and deliverability difficulties, environmental impacts including climatic conditions, increases in operating cost structures, community or industrial actions and any other circumstance which results in the delay, suspension or termination of ERA's capital or exploration projects and/or the total or partial loss of ERA's capital. Certain of these risks are set out in greater detail below.

In addition, during the second half of 2019 ERA expects to have produced sufficient drummed inventory to meet supply commitments under its existing long-term contract portfolio. As a result, a greater portion of future sales will be exposed to the spot market. ERA continues to monitor production economics and plans to continue to produce, in 2020, provided a positive cash margin is generated between marginal production cost and the uranium spot price. Should this diminish, ERA may choose to cease production earlier than planned. This is likely to have a material adverse impact on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance.

### Continued operations

ERA is required to cease processing at Ranger no later than January 2021, meaning Ranger has one final full year of processing the remaining stockpiles. There is a risk that ore grade may vary from that planned, impacting drummed uranium oxide production quantities. Furthermore, given 2020 will be the final year of Ranger production, there is an increase in risks associated with unplanned maintenance and reduced plant availability. In the event of a critical failure of key infrastructure, ERA may elect not to repair the relevant infrastructure and instead elect to conclude processing earlier than planned. This is likely to have a material adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance.

### Cost savings and productivity improvement program

The Company is also well advanced in its execution of the 'Safely Transforming ERA Together' business transformation program. Under the program, cost reduction and productivity improvement initiatives have been established for the business. The successful execution of this program is important to achieving ERA's cash flow forecast. As such, there is no guarantee that the cost saving initiatives will result in improvements in operational or financial performance of the level expected (if at all) or that such improvements will arise within the expected timeframe.

### Personnel

Recruiting and retaining qualified personnel is important to the success of ERA. The number of persons skilled in the rehabilitation, exploration and development of mining properties is limited and competition for such persons is strong. Difficulties in recruiting and retaining appropriately skilled staff may adversely impact ERA's ability to undertake the rehabilitation activities as outlined in this presentation in a timely and cost effective manner, as well as adversely impact ERA's ability to effectively investigate any prospective development opportunities.

## Key risks (cont'd)



### **Loss of customers**

ERA sells uranium oxide produced at its Ranger mine to Rio Tinto Marketing Pty Ltd (RTU) in accordance with the terms of the Amended and Restated Agreement for the Sale and Purchase of Natural Uranium Concentrates dated 16 August 2017 for on sale to RTU's customers. Under that agreement, ERA's allocation of existing RTU customer contracts was fixed with effect from 1 January 2017. A number of these RTU customer contracts are required to be fulfilled through to 2021. In the event these contracts were to be terminated or the supply commitments reduced and ERA was required to sell uranium oxide produced on the current spot forecast price, ERA's business, financial position and performance and ability to meet its rehabilitation obligations would be materially adversely affected.

### **Uranium market demand and price risks**

As ERA's business relates primarily to the production and sale of uranium oxide to a variety of buyers, fluctuations in the global uranium market may materially affect ERA's financial performance.

Demand for, and pricing of, uranium oxide remains sensitive to external economic and political factors, many of which are beyond ERA's control, including: worldwide uranium supply and demand, regional political developments in uranium producing and nuclear power generating countries and regions (including potential for trade sanctions), and the price and availability of competing power generating technologies. Accordingly, it is impossible to predict future uranium price movements with certainty.

ERA does not hedge the price for which it sells uranium oxide, although it has successfully realised a price premium to spot rates due to historical contracts. There is no guarantee that a price premium could be realised in the future and any sustained reduction in uranium prices from historical averages may adversely affect ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations.

The Company only contracts to sell uranium oxide that it plans to produce, however purchasing uranium oxide for resale may be required in circumstances where actual production falls short of sales volumes required to fulfil long term contractual commitments with its customers. An increase in the amount of uranium oxide that ERA is required to purchase on the spot market would increase ERA's exposure to uranium oxide price risks. An increase in the price at which uranium oxide was purchased, or an inability to purchase uranium oxide where required to satisfy a contractual commitment, could have a material adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance.

### **Interest rate and inflation rate risk**

An assessment of ERA's cash flow projections in order to meet the Company's rehabilitation obligations involves consideration of interest rates and inflation rates over the period of rehabilitation.

The Company's main interest rate risk arises from cash on deposits. A reduction in interest rates, in line with recent monetary policy decisions by the Reserve Bank of Australia and ongoing expectations of a low interest rate environment in Australia, to levels below that estimated by the Company may result in lower projected interest received on cash resources.

The Company's main inflation rate risk arises from cost inflation on rehabilitation and business continuity expenditure. An increase in inflation rates to levels above that estimated by the Company may result in higher cash outflow than currently anticipated by the Company.

Any material difference in actual interest rates and inflation rates over the period of rehabilitation may have a material adverse effect on the business, financial position and performance of ERA, and its ability to meet its rehabilitation obligations.

### **Foreign exchange risk**

International prices of uranium oxides are denominated in United States Dollars, while ERA's expenses are principally denominated in Australian Dollars. Accordingly, ERA is exposed to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar (as determined in international markets).

## Key risks (cont'd)



### Tax risks

ERA is subject to taxation and other imposts in Australia. Future changes in taxation laws, including changes in interpretation or application of existing laws by the courts or taxation authorities in those jurisdictions, may affect taxation treatment of an investment in ERA securities or the holding or disposal of those securities. Tax considerations may differ for each investor. Therefore, investors are encouraged to seek professional tax advice in connection with any investment in ERA securities.

In addition to the normal level of income tax imposed on all industries in Australia, as ERA operates in the resources sector it is required to pay specific government royalties, direct and indirect taxes and other imposts. Consequently, ERA may be affected by changes in government taxation and royalty policies, or in the interpretation or application of such policies.

ERA has approximately \$183 million in tax losses (at 30 per cent) as at 30 June 2019 that are not recognised as deferred tax assets due to the uncertainty regarding ERA's ability to generate adequate levels of future taxable profits. This treatment is reviewed periodically. ERA's carry forward tax losses can be utilised to offset any future taxable profits, subject to satisfaction of the tax loss recoupment tests under the income tax legislation at the time of utilisation. There is always a possibility that changes in legislation will impact the ability to utilise tax losses or impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

### Litigation risk

ERA is subject to litigation risks. A shareholder has threatened to take action against ERA and/or its directors in relation to governance and/or the Entitlement Offer. In addition, all industries, including the minerals exploration and production industry, are subject to legal claims. Such legal claims can be brought with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of their litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material adverse effect on its business, financial position and performance and ability to meet its rehabilitation obligations.

### Insurance

The occurrence of an event that is not covered or not fully covered by insurance maintained by ERA could have a material adverse effect on ERA's business and its financial position and performance as well as its ability to meet its rehabilitation obligations. Given ERA is required to cease mining operations by January 2021 and it is unlikely that the plant could be rebuilt in the event of catastrophic damage before that date, the Company has decided to cease maintaining business interruption insurance. In reaching this decision, ERA has also had regard to the costs of maintaining business interruption insurance and did not consider it was commercially beneficial for ERA to continue paying for business interruption insurance in light of ERA's planned cessation of mining operations.

### Financial information and forecasts

The forward looking statements, opinion and estimates provided in this presentation, rely on various contingencies and assumptions. Various factors and risks, both known and unknown, many of which are outside the control of ERA, may impact upon the performance of ERA and cause actual performance to vary significantly from expected results. There can be no guarantee that ERA will achieve its stated objectives or that forward looking statements or forecasts will prove to be accurate.

## Key risks (cont'd)



### Risks relating to equity investments and markets

Investors should be aware that there are risks associated with any investment in a company listed on ASX. The value of ERA shares may rise above or fall below the Offer Price, depending on the business, financial position and performance of ERA. Further, the price at which ERA shares trade on ASX may be affected by a number of factors unrelated to the business, financial position and performance of ERA and over which ERA and its directors have no control. These external factors include (but are not limited to):

- economic conditions in Australia and overseas;
- investor sentiment in the local and international stock markets;
- operational or environmental issues at any nuclear power stations globally;
- commodity prices and foreign exchange movements;
- changes in fiscal, monetary, regulatory and other government policies both in Australia and customer countries; and
- geo-political conditions such as acts or threats of terrorism or military conflicts.

Investors should note that the historic share price performance of ERA shares provides no guidance as to its future share price performance.

## Outline



- Executive summary
- Purpose of the Entitlement Offer
- Details of the Entitlement Offer
- Key risks
- **Selling restrictions / jurisdictions**

# Selling restrictions / jurisdictions



## International Offer Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or abroad with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing member of the Company, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275 of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Selling restrictions / jurisdictions



### United States

This presentation and any other materials relating to the Entitlement Offer does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States. This presentation may not be released or distributed in the United States. By accepting this presentation, you represent and warrant that you are not located in the United States and are not acting on behalf of a person located in the United States and any exercise or taking up of entitlements or purchase of New Shares by you or any person on whose behalf you are acting will be done solely outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act, and you agree to be bound by the foregoing restrictions.

### 3.3 Cleansing Statement



ERA Energy Resources of Australia Ltd

ABN 71 008 550 865  
A member of the Rio Tinto Group

**Head office** Level 3, Energy House,  
18-20 Cavenagh St, Darwin NT 0800  
GPO Box 2394, Darwin NT 0801, Australia  
T +61 8 8924 3500 F +61 8 8924 3555

**Ranger mine** Locked Bag 1,  
Jabiru NT 0886 Australia  
T +61 8 8938 1211 F +61 8 8938 1203

[www.energyres.com.au](http://www.energyres.com.au)

15 November 2019

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

#### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

Dear Sir/Madam

#### **Energy Resources of Australia Ltd ACN 008 550 865 Notice under section 708AA(2)(f) of the Corporations Act**

This notice is given by Energy Resources of Australia Ltd ACN 008 550 865 (**Company** or **ERA**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument**). All references in this notice to the Corporations Act are references to the Corporations Act as notionally modified by the ASIC Instrument.

The Company has announced its intention to undertake a capital raising by way of a fully underwritten pro rata renounceable entitlement offer (**Entitlement Offer**) of 6.13 new fully paid ERA ordinary shares (**New Shares**) for every 1 existing ERA ordinary share held as at 7:00pm (Australian Eastern Daylight Time) on Wednesday, 20 November 2019 by eligible shareholders with a registered address in Australia, New Zealand or Singapore (**Eligible Shareholders**).

Words and expressions defined in the Company's announcement dated Friday, 15 November 2019 relating to the Entitlement Offer (the **ASX Announcement**) have the same meaning in this notice, unless the context requires otherwise.

The Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.

This notice is given by the Company under section 708AA(2)(f) of the Corporations Act.

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

As at the date of this notice, there is no "excluded information" (within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act) which is required to be set out in this notice under section 708AA(7)(d) of the Corporations Act.



**ERA** Energy Resources of Australia Ltd

### Potential effect on control of the Company

The potential effect that the Entitlement Offer will have on control of the Company and the consequences of that effect are set out below.

The potential effect that the issue of the New Shares will have on the control of ERA, and the consequences of that effect, will depend on a number of factors including the number of New Shares taken up by each Eligible Shareholder (or by third party investors to which their entitlement is transferred) and the number of entitlements sold by the foreign holder nominee on behalf of Ineligible Shareholders under the Entitlement Offer, or placed to institutional and/or sophisticated investors under the Shortfall Bookbuild.

The Entitlement Offer is being underwritten by North Limited (**North** and **Underwriter**), a wholly-owned subsidiary of Rio Tinto. As at the date of this announcement, Rio Tinto holds relevant interests in 68.39% of the issued ERA shares, with North (being the Underwriter) directly holding 34.10% of the issued ERA shares and Peko-Wallsend Pty Ltd (**Peko-Wallsend**), another wholly-owned subsidiary of Rio Tinto, holding 34.29% of the issued ERA shares. Both North and Peko-Wallsend (the **Rio Tinto Parties**) have confirmed to ERA that they will take up their full pro rata entitlements to New Shares under the Entitlement Offer.

Entitlements to New Shares for which valid applications are not received before the Entitlement Offer closes (i.e., the **Shortfall Shares**) will be issued as follows:

- (a) firstly, to any Eligible Shareholders who submit valid applications for Additional New Shares under the Shortfall Facility (**Shortfall Applicants**);
- (b) secondly, should there be Shortfall Shares remaining, to successful applicants (if any) through the Shortfall Bookbuild to be undertaken by Euroz Securities Limited as described in the ASX Announcement; and
- (c) thirdly, the balance of the Shortfall Shares would be taken up by the Underwriter under the Underwriting Agreement.

There is no guarantee that Shortfall Applicants will receive the number of New Shares applied for in excess of their Entitlement, or that they will receive any at all.

ASIC has granted relief from Australia's takeover laws (Chapter 6 of the Corporations Act), which enables Eligible Shareholders to participate in the Shortfall Facility even if by doing so the number of New Shares issued to them would result in the takeover law threshold under section 606 of the Corporations Act being exceeded.

Accordingly, the number of New Shares that will be required to be taken up by the Underwriter will depend on how many New Shares are taken up under the Entitlement Offer (including under the Shortfall Facility) by persons other than North and Peko-Wallsend and the number of New Shares placed to institutional and/or sophisticated investors under the Shortfall Bookbuild. For example, if:

- (a) no New Shares are taken up under the Entitlement Offer by any person other than the Rio Tinto Parties and no New Shares are placed under the Shortfall Bookbuild (i.e. 100% of all New Shares are taken up by the Rio Tinto Parties), the percentage of the ERA shares in which Rio Tinto has relevant interests would increase from 68.39% to approximately 95.57%;



#### ERA Energy Resources of Australia Ltd

- (b) approximately 20.48% of all New Shares available to shareholders other than the Rio Tinto Parties (i.e. 6.47% of all New Shares) are taken up under the Entitlement Offer or the Shortfall Bookbuild by persons other than the Rio Tinto Parties, the percentage of the ERA shares in which Rio Tinto has relevant interests would increase from 68.39% to 90.00%;
- (c) approximately 75.68% of all New Shares available to shareholders other than the Rio Tinto Parties (i.e. 23.92% of all New Shares) were taken up under the Entitlement Offer or the Shortfall Bookbuild by persons other than the Rio Tinto Parties, the percentage of the ERA shares in which Rio Tinto has relevant interests would increase from 68.39% to 75.00%;
- (d) approximately 94.08% of all New Shares available to shareholders other than the Rio Tinto Parties (i.e. 29.74% of all New Shares) were taken up under the Entitlement Offer or the Shortfall Bookbuild by any persons other than the Rio Tinto Parties, the percentage of the ERA shares in which Rio Tinto has relevant interests would increase from 68.39% to 70.00%;
- (e) all New Shares available to shareholders other than the Rio Tinto Parties (i.e. 31.61% of all New Shares) were taken up under the Entitlement Offer or the Shortfall Bookbuild, there would be no change to the percentage of the ERA shares in which Rio Tinto has relevant interests.

#### **Consequences of the effect on control**

Depending on the number of New Shares taken up by each Eligible Shareholder (or by any third party investor to which their entitlement is transferred) and the number of entitlements sold by the foreign holder nominee on behalf of Ineligible Shareholders under the Entitlement Offer, or placed to institutional and/or sophisticated investors under the Shortfall Bookbuild, it is possible that, following the issue of the New Shares, Rio Tinto (through the Rio Tinto Parties), will have full beneficial interests in a greater percentage of the ERA shares.

The Rio Tinto Parties have confirmed to ERA that they will examine their options in respect of Rio Tinto's combined shareholding and relevant interests in ERA following the completion of the Entitlement Offer. In the event that the relevant interests of Rio Tinto (through the Rio Tinto Parties) increase following the completion of the Entitlement Offer, some of the options available to it include:

Rio Tinto's total relevant interests in ERA shares	Consequences and potential rights of Rio Tinto
Increases to 70% or more	Rio Tinto may look to appoint additional board member(s) to the Board of ERA at the next Annual General Meeting or to fill a casual vacancy if one arises or otherwise in accordance with the constitution of the Company.



**ERA** Energy Resources of Australia Ltd

Rio Tinto's total relevant interests in ERA shares	Consequences and potential rights of Rio Tinto
Increases to 75% or more	<p>Rio Tinto will be able to pass special resolutions at general meetings in respect of resolutions on which it is entitled to vote (for example, resolutions relating to proposed amendments to the constitution of the Company).</p> <p>Rio Tinto may seek to engage with ERA to consider initiating discussions with ASX in respect of a voluntary delisting having regard to factors including the liquidity of the shares, the number of unmarketable parcels and ongoing listing costs.</p> <p>Neither ERA nor Rio Tinto would seek to delist ERA without prior engagement with ASX and neither party has commenced any discussions with ASX in this respect.</p>
Increases to 90% or more	<p>Rio Tinto may look at compulsory acquisition in the six months following the date on which New Shares are issued under the Entitlement Offer in accordance with the procedure outlined below.</p>

If, immediately after the Entitlement Offer, Rio Tinto (through the Rio Tinto Parties) has beneficial interests in 90% or more of all ERA shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining ERA shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act, otherwise known as the "general compulsory acquisition procedure".

If enlivened, Rio Tinto will have six months from the date it becomes entitled to compulsorily acquire the remaining ERA shares, to lodge a notice with ASIC exercising this right (**Compulsory Acquisition Notice**). This date would align with the date of issue of the New Shares pursuant to the Entitlement Offer.

ERA has been informed by Rio Tinto that it has not yet decided whether it will exercise its right of compulsory acquisition if it becomes entitled to do so, and it does not intend to make that decision until the outcome of the Entitlement Offer is known. If Rio Tinto elects to exercise the right of compulsory acquisition, it must:

- (a) offer a cash amount for the acquisition of the remaining ERA shares, which must be the same amount for each share;
- (b) engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the ERA shares being acquired; and
- (c) provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

The cash amount per ERA share offered by Rio Tinto pursuant to any potential compulsory acquisition process of the remaining ERA shares is uncertain and would be determined by Rio Tinto at its discretion, which could be more or less than the Offer Price under the Entitlement Offer.



**ERA** Energy Resources of Australia Ltd

ERA's shareholders will have a right to object to the compulsory acquisition of their ERA shares by Rio Tinto by returning the objection form to the Company within the objection period specified in the Compulsory Acquisition Notice (which must be at least one month). If shareholders holding at least 10% of the shares covered by the Compulsory Acquisition Notice object to compulsory acquisition by the relevant deadline, Rio Tinto (through North or Peko-Wallsend, as the case may be) will need to apply for court approval if it wishes to proceed with the compulsory acquisition, and the costs of such court proceedings will be borne by Rio Tinto unless the court finds that the objector(s) have acted improperly, vexatiously or otherwise unreasonably. If Rio Tinto establishes that the compulsory acquisition terms represent fair value, the court will be required to approve the compulsory acquisition on those terms; otherwise, the court must confirm that the acquisition will not take place.

In accordance with section 708AA(2)(f) of the Corporations Act and the relevant timetable set out in Appendix 7A of the ASX Listing Rules, this notice is given before the commencement of trading on ASX on the date the Company announced the Entitlement Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "JAMES O'CONNELL".

**James O'Connell**  
**Legal Counsel & Company Secretary**  
**Energy Resources of Australia Ltd**

Important information

This document is issued by Energy Resources of Australia Ltd. This document is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain, purchase or sell any securities in the Company in any jurisdiction. This document does not constitute financial product advice and does not and will not form part of any contract for the acquisition of ERA ordinary shares.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States.

This document may not be released or distributed in the United States.

## **4. ADDITIONAL INFORMATION**

### **4.1 Responsibility for Booklet**

This Booklet (including the ASX Disclosure Materials reproduced in section 3 of this Booklet) and accompanying personalised Entitlement and Acceptance Form have been prepared by ERA. The information in this Booklet is dated 15 November 2019.

No party other than ERA has authorised or caused the issue of the information in this Booklet, or takes any responsibility for, or makes any statements, representations or undertakings in this Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Booklet. Any information or representation that is not in this Booklet may not be relied on as having been authorised by ERA, or its related bodies corporate in connection with the Entitlement Offer.

### **4.2 Status of Booklet**

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in ERA. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on ERA and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Booklet (including the Investor Presentation) and other announcements made available at <http://www.asx.com.au/>.

This Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. ERA is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

### **4.3 Booklet availability**

Eligible Shareholders in Australia, New Zealand and Singapore can obtain a copy of this Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the ERA website at <https://www.energyres.com.au/>. Persons who access the electronic version of this Booklet should ensure that they download and read the entire Booklet. The electronic version of this Booklet on the ASX website and the ERA website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the ERA Entitlement Offer Information Line on 1300 221 495 toll free (within Australia) or +61 3 9415 4006 (from outside Australia) between 8.30am to 5.00pm (AEDT) Monday to Friday during the Entitlement Offer period.

This Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

#### 4.4

#### **Notice to nominees and custodians**

If ERA believes you hold ERA Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

Persons acting as custodians or nominees must not apply for New Shares on behalf of, or for the account or benefit of, a person in the United States and must not send any document relating to the Entitlement Offer to, any person that is in the United States or that is acting for the account or benefit of any person in the United States.

ERA is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficiary owners of existing ERA Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether the distribution of any documents relating to the Entitlement Offer (including this Booklet) or the indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. ERA is not able to advise on foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

#### 4.5

#### **Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

#### 4.6

#### **Director shareholdings**

None of the directors holds any ERA Shares and therefore none of them is participating in the Entitlement Offer.

#### 4.7

#### **Taxation**

Set out below is a general summary of the potential Australian tax implications of the Entitlement Offer for Eligible Shareholders who are residents of Australia for tax purposes and who hold their ERA Shares on capital account.

The summary below does not deal with the tax implications for Eligible Shareholders who are not residents of Australia for tax purposes. It also does not deal with the tax implications for Eligible Shareholders who acquired their ERA Shares (or will hold their Entitlements) under an arrangement that constitutes an 'employee share scheme' for Australian tax purposes, or that do not hold their shares on capital account, such as shareholders:

- who hold their ERA Shares (or will hold their Entitlements) as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading; or
- who have acquired their ERA Shares for the purposes of resale at a profit.

It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Shareholder.

The summary below is not advice and should not be relied on as such. It also does not take account of any individual circumstances of any particular Eligible Shareholder. Taxation is a complex area of law and the taxation consequences for each Eligible Shareholder may differ depending on their own particular circumstances. Accordingly, Eligible Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this Booklet. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in ERA Shares or the holding and disposal of ERA Shares.

(a) **Issue of Entitlements**

The issue of the Entitlements should not itself result in any amount being included in the assessable income of an Eligible Shareholder.

(b) **Sale of Entitlements**

If you sell your Entitlements, you should derive a capital gain on the disposal equal to the proceeds from the sale (or market value in some circumstances) less certain incidental costs relating to the disposal.

You will be treated as having acquired your Entitlements on the same day as you acquired the ERA Shares giving rise to those Entitlements. Accordingly, subject to certain integrity rules, if you are an individual, trustee or complying superannuation fund, you should be entitled to a discount on the capital gain derived on the disposal of your Entitlements if you have held the ERA Shares giving rise to those Entitlements for at least 12 months prior to the date on which the Entitlements were sold. The capital gains tax (**CGT**) discount is discussed in further detail below.

(c) **Exercise of Entitlements and applying under the Shortfall Facility for Additional New Shares**

If you exercise all or some of your Entitlements and, to the extent relevant, apply under the Shortfall Facility for Additional New Shares, you will be allocated New Shares. In this case:

- (i) the Entitlements will cease to exist and a CGT event will occur, but any capital gain or loss made on the exercise of the Entitlement should be disregarded for tax purposes;
- (ii) the New Shares acquired as a result of exercising the Entitlements will be treated for CGT purposes as having been acquired on the day on which the Entitlements are exercised;
- (iii) the Additional New Shares acquired as a result of applying under the Shortfall Facility for Additional New Shares will be treated for CGT purposes as having been acquired on the day on which the Additional New Shares are issued; and
- (iv) the first element of the cost base for the New Shares for CGT purposes should be equal to:
  - (A) for the Additional New Shares, and for New Shares acquired as a result of exercising Entitlements where your existing ERA Shares were acquired (or are taken to be acquired) on or after 20 September 1985, the Offer Price paid for those New Shares; or

(B) for New Shares acquired as a result of exercising Entitlements where your existing ERA Shares were acquired (or are taken to be acquired) before 20 September 1985, the sum of the market value of the Entitlements when they were exercised and the Offer Price paid for those New Shares.

(d) **New Shares**

If you exercise all or some of your Entitlements and, to the extent relevant, apply under the Shortfall Facility for Additional New Shares, you will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares will be subject to the same taxation treatment as dividends or other distributions made on ERA Shares held in the same circumstances.

On any future disposal of New Shares, you may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of those shares. The first element of the cost base of those shares is described above.

Any capital gain arising to Eligible Shareholders who are individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by 50% (after first offsetting current year or prior year capital losses) if the New Shares are held for at least 12 months between the date the New Shares are treated as having been acquired and the date of disposal.

For Eligible Shareholders which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting current year or prior year capital losses) if the New Shares are held for at least 12 months between the date the New Shares are treated as having been acquired and the date of disposal. The CGT discount is not available to Eligible Shareholders that are companies. Trustees should seek specific advice in relation to making distributions attributable to any capital gain to which the CGT discount applies.

New Shares acquired as a result of exercising your Entitlements will be treated for the purposes of the CGT discount as having been acquired when you exercised the Entitlement to subscribe for them. Additional New Shares will be treated for the purposes of the CGT discount as having been acquired when the Additional New Shares were issued to you.

(e) **Taxation of Financial Arrangements (TOFA)**

Australian income tax law includes specific TOFA rules. In summary, the TOFA rules can operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'.

As the application of the TOFA rules is dependent on the particular facts and circumstances of the taxpayer, you should obtain your own advice in relation to the potential applicability of the TOFA rules, in light of your own individual facts and circumstances.

(f) **Other Australian taxes**

No GST or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares.

4.8 **Underwriting**

On 15 November 2019, ERA entered into the Underwriting Agreement under which the Underwriter agreed to:

- subscribe for all of its Entitlement and to procure subscriptions for all of the Entitlements offered to other Eligible Shareholders who are members of the Rio Tinto Group; and
- fully underwrite the Entitlement Offer by subscribing for the shortfall at the Offer Price.

Key terms of the Underwriting Agreement are summarised in the ASX Announcement reproduced in section 3.1 of this Booklet.

#### 4.9 **Broker**

The Company has appointed Euroz Securities Limited (ACN 089 314 983 – AFSL No. 243302) to act as Broker to the Entitlement Offer.

The Broker will receive a total base fee of \$75,000 for conducting the Shortfall Bookbuild and is entitled to be reimbursed for certain out of pocket expenses.

In addition, in relation to the issue of New Shares under the Shortfall Bookbuild, the Broker will receive a selling fee (**Selling Fee**) equal to:

- 2.0% of the gross proceeds of any New Shares for gross proceeds up to \$10 million; and
- 1.5% of the gross proceeds of any New Shares for gross proceeds over and above \$10 million.

The Selling Fee is subject to an overall cap of \$1 million.

New Shares will not be issued under the Shortfall Bookbuild for less than the Offer Price.

## 5. GLOSSARY

Term	Definition
<b>Additional New Shares</b>	has the meaning given in section 1.9 of this Booklet
<b>AEDT</b>	Australian Eastern Daylight Time
<b>Application Monies</b>	a payment or payments made to subscribe for New Shares
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or the financial market operated by it, as the context requires
<b>ASX Announcement</b>	the announcement released by the Company to ASX on 15 November 2019 in relation to the Entitlement Offer, a copy of which is reproduced in section 3.1 of this Booklet
<b>ASX Disclosure Materials</b>	the materials reproduced in section 3 of this Booklet
<b>Booklet</b>	this document, including the Entitlement and Acceptance Form
<b>Broker</b>	the broker appointed by the Company to conduct the Shortfall Bookbuild, being Euroz Securities Limited
<b>CGT</b>	capital gains tax
<b>Cleansing Statement</b>	the notice given by the Company to ASX on 15 November 2019 in relation to the Entitlement Offer under section 708AA(2)(f) of the Corporations Act, a copy of which is reproduced in section 3.3 of this Booklet
<b>Closing Date</b>	5.00pm (AEDT) on Wednesday, 11 December 2019, unless extended
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i>
<b>CRN</b>	has the meaning given in section 2.9 of this Booklet
<b>Eligible Shareholder</b>	has the meaning given in section 1.3 of this Booklet
<b>Entitlement</b>	<ul style="list-style-type: none"> <li>(a) In relation to an Eligible Shareholder – the number of New Shares for which the Eligible Shareholder is entitled to subscribe under the Entitlement Offer</li> <li>(b) In relation to an Ineligible Shareholder – the number of New Shares for which, if the Ineligible Shareholder were an Eligible Shareholder, the Ineligible Shareholder would be entitled to subscribe under the Entitlement Offer</li> </ul>

Term	Definition
<b>Entitlement and Acceptance Form</b>	in relation to an Eligible Shareholder – the personalised entitlement and acceptance form accompanying this Booklet which the Eligible Shareholders may use to apply for New Shares (or any replacement form issued for that purpose by or on behalf of the Company)
<b>Entitlement Offer</b>	the 6.13 for 1 renounceable pro rata entitlement offer to subscribe for New Shares at the Offer Price set out in this Booklet and announced to ASX by ERA on 15 November 2019
<b>Entitlement Offer period</b>	the period from and including the Opening Date until and including the Closing Date
<b>ERA or the Company</b>	Energy Resources of Australia Ltd (ABN 71 008 550 865)
<b>ERA Share</b>	a fully paid ordinary share in the capital of ERA
<b>GST</b>	Australian Goods and Services Tax
<b>Ineligible Shareholder</b>	has the meaning given in section 1.3 of this Booklet
<b>Investor Presentation</b>	the ERA Investor Presentation released to ASX on 15 November 2019 in relation to the Entitlement Offer, a copy of which is reproduced in section 3.2 of this Booklet
<b>New Shares</b>	ERA Shares for which Eligible Shareholders are entitled to subscribe under the Entitlement Offer
<b>Offer Price</b>	\$0.15 per New Share
<b>Opening Date</b>	Friday, 22 November 2019
<b>Peko-Wallsend</b>	Peko-Wallsend Pty Ltd ABN 78 000 245 054, a wholly-owned subsidiary of Rio Tinto
<b>Record Date</b>	7.00pm (AEDT) on Wednesday, 20 November 2019
<b>Registry</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
<b>related bodies corporate</b>	has the meaning given in the Corporations Act
<b>Rio Tinto Group</b>	Rio Tinto Limited (ABN 96 004 458 404), Rio Tinto plc and their respective subsidiaries
<b>Rio Tinto plc</b>	Rio Tinto plc (registered No. 719885)

Term	Definition
<b>s. 41 Authority</b>	the authority granted under the <i>Atomic Energy Act 1953</i> (Cth) to mine, recover, treat and process uranium oxide at the Ranger Mine
<b>Shortfall Bookbuild</b>	the bookbuild process described in section 1.10 of this Booklet to be conducted by the Broker
<b>Shortfall Facility</b>	the facility described in section 1.9 of this Booklet, under which Eligible Shareholders who take up their Entitlement in full may apply for New Shares in excess of their Entitlement
<b>Shortfall Shares</b>	has the meaning given in section 1.9 of this Booklet
<b>Underwriter</b>	North Limited (ABN 22 005 233 689)
<b>Underwriting Agreement</b>	the Underwriting Agreement between ERA and the Underwriter dated 15 November 2019
<b>U.S. Securities Act</b>	has the meaning given in section of the Booklet titled 'Important Information' commencing on the inside front cover
<b>VWAP</b>	in relation to ERA Shares for a particular period, the volume weighted average price of trading in those securities on the ASX market and the Chi-X market over that period

## **CORPORATE DIRECTORY**

### **Registered Office**

Energy Resources of Australia Ltd  
Level 3, Energy House  
18-20 Cavenagh Street  
GPO Box 2394  
Darwin NT 0801

### **Financial Advisers**

Flagstaff Partners Pty Ltd  
Level 20, 101 Collins Street  
Melbourne VIC 3000

BurnVoir Corporate Finance Limited  
Level 12, 28 O'Connell Street  
Sydney NSW 2000

### **Legal Adviser**

Ashurst  
Level 26, 181 William Street  
Melbourne VIC 3000

### **Broker**

Euroz Securities Limited  
Level 18, Alluvion  
58 Mounts Bay Road  
Perth WA 6000

### **Registry**

Computershare Investor Services Pty Limited  
Level 1, 200 Mary Street  
Brisbane QLD 4000  
Telephone: 1300 552 270 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Facsimile: 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

### **Website**

<https://www.energyres.com.au/>

### **ERA Entitlement Offer Information Line**

Australia: 1300 221 495 toll free  
International: +61 3 9415 4006  
Open 8.30am to 5.00pm (AEDT) Monday to Friday during the Entitlement Offer period

### **Stock Exchange Listing**

ERA's ordinary shares are listed on ASX (code 'ERA')