



## ASX Announcement

27 July 2021

### ERA ANNOUNCES JUNE 2021 HALF YEAR RESULTS

- Energy Resources of Australia Ltd (**ERA**) produced uranium from stockpiled ore of 34 tonnes, before production ceased on 8 January 2021.
- Net loss after tax of \$5 million, which reflects lower sales volumes and long term sales contracts coming to an end in 2021.
- Cash outflow of \$13 million from operating activities and \$70 million spent on rehabilitation activities for the first half of 2021, resulting in total cash resources of \$725 million.
- Key rehabilitation activities in the first half of 2021 included the completion of bulk dredging works at the Tailings Storage Facility (TSF).
- Rehabilitation provision of \$656 million at 30 June 2021.

			June 2021 \$000	June 2020 \$000
<b>Cash flow</b> from operating activities	-150%	to	(12,734)	25,329
<b>Revenue</b> from sales of uranium oxide	-68%	to	53,470	168,161
<b>Revenue</b> from ordinary activities	-66%	to	60,206	176,465
<b>Profit / (Loss)</b> from ordinary activities before tax attributable to members	-106%	to	(2,448)	38,469
<b>Profit / (Loss)</b> from ordinary activities after tax attributable to members	-113%	to	(5,265)	40,215
<b>Net Profit / (Loss)</b> for the period attributable to members	-113%	to	(5,265)	40,215
<b>Earnings per share</b> (cents)	-107%	to	(0.1)	1.5



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## **Review of operations**

ERA incurred a cash outflow from operating activities of \$13 million for the half-year ended 30 June 2021 compared to positive cash flow of \$25 million for the same period in 2020. Cash rehabilitation spend for the half-year ended 30 June 2021 was \$70 million compared to \$38 million for the same period in 2020.

ERA held total cash resources of \$725 million at 30 June 2021, comprised of \$191 million in cash at bank and \$534 million of cash held by the Commonwealth Government under the Ranger Rehabilitation Trust Fund. The Company has no debt.

ERA's net loss after tax for the half-year ended 30 June 2021 was \$5 million compared with \$40 million for the same period in 2020. The 2021 half-year result was supported by lower cash costs resulting from the continued successful execution of the ERA business Transformation Program.

In response to the ongoing COVID-19 pandemic, ERA continues to maintain controls and protocols in accordance with the Company's COVID-19 Management Plan to protect our employees and local communities as our first priority and ensure full compliance with Government requirements.

Uranium oxide production for the half-year ended 30 June 2021 was 34 tonnes, compared to 798 tonnes for the same period in 2020. Production at the Ranger Mine ceased, in accordance with the Ranger Authority, on 8 January 2021. This concluded processing activity on the Ranger Project Area after 40 years of operation, during which time more than \$500 million of royalty payments have been made to governments and Indigenous interests.

Revenues from sales of uranium oxide were \$53 million for the half year compared to \$168 million for the same period in 2020.

Sales volume for the period was 351 tonnes, compared to 1,044 tonnes for the June 2020 half-year. The average realised sales price on contracted sales in the June 2021 half-year was US\$54.31 per pound compared to US\$52.99 per pound in 2020. The average realised price on all sales (including uncontracted material sold into the spot market) in 2021 was US\$51.39. The average realised price compares favourably against the average spot price of US\$30.15 per pound.

The average Australian/US dollar exchange rate for the first half of 2021 was US74 cents compared to US65 cents in the first half of 2020. As sales of uranium oxide are denominated in US dollars, this strengthening of the Australian dollar has had an unfavourable impact on revenue when compared to 2020.

In April 2020, ERA entered into a number of forward foreign exchange contracts in order to manage exposure to foreign exchange risks arising from USD denominated sales which have been completed with the final instalment fully settled in March 2021. The forward exchange contracts were entered into at an average exchange rate of US65 cents for 70 per cent of the contracted US denominated sales proceeds.

Cash costs for the June 2021 half-year were lower than the corresponding period in 2020. This was mainly driven by the successful ongoing delivery of ERA's business Transformation Program. The second phase of the program "Transformation 2.0", which has been underway since the first half of 2020, has greater focus on rehabilitation. The program targets idea generation and initiative implementation, with the objectives to deliver cost reductions and avoidance without compromising safety or environmental outcomes.

In 2018, the Company initiated the "My Future Plan" employee support program to prepare mining and processing employees for "life after ERA". The program provides participants with opportunities to expand their skills and capabilities as the Company plans for the cessation of production at Ranger. The program also provides support to employees seeking to be



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redeployed within the broader Rio Tinto group and to those who may wish to start their own business or retire. The Company has supported the preparation of career plans for approximately 95 per cent of the workforce. Following cessation of the production in January 2021, ERA successfully redeployed a number of employees into other Rio Tinto business units with the remainder of employees not required to execute the rehabilitation phase progressing the plans made through the “My Future Plan” program.

### **Rehabilitation**

At 30 June 2021, the ERA rehabilitation provision is \$656 million.<sup>1</sup> During the first half of 2021, ERA incurred expenditure of \$71 million on rehabilitation activities (\$70 million in cashflow and \$1 million in utilisation of leased assets).

On 15 February 2021 a significant milestone was achieved with the completion of the bulk dredging works at the Tailings Storage Facility (TSF). Following this, works are progressing on floor and wall cleaning activities. This process has been more complex than planned and has pushed final floor and wall cleaning later into the second half of 2021. This is a critical path activity as material from the TSF floor and walls are deposited in Pit 3 prior to final pit capping. ERA is progressing the final design and execution of the Pit 3 wicking, capping, and bulk backfill works. Work is under way to evaluate progressing this in parallel to final TSF floor and wall cleaning in order to condense the required schedule.

### **Funding**

As announced on 20 February 2020, the Company’s fully underwritten 6.13 for 1 pro-rata renounceable entitlement offer of new fully paid ERA ordinary shares closed successfully on 18 February 2020, raising approximately \$476 million to fund its rehabilitation obligations for the Ranger Project Area (**Entitlement Offer**).

Following the receipt of the proceeds from the Entitlement Offer, ERA deposited \$454 million into the Ranger Rehabilitation Trust Fund held by the Commonwealth Government in order to satisfy its obligations to provide security against the estimated costs of closing and rehabilitating the mine immediately (rather than upon the planned cessation of mining operations). The remaining proceeds from the Entitlement Offer have been invested in short duration term deposits with Australian deposit taking institutions.

### **Ranger 3 Deeps**

Given the current uranium market environment, the Ranger 3 Deeps project continues to face material barriers to development. Due to ongoing constrained market conditions the project remains uneconomic. Consequently, ERA is progressing backfill works on the Ranger 3 Deeps decline.

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

### **Exploration**

There was no exploration expenditure for the half-year ended 30 June 2021.

### **Dividends**

ERA has decided not to declare an interim dividend in respect of the 2021 half-year. No final dividend was paid in respect to the 2020 financial year.

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<sup>1</sup> 30 June 2021 provision discounted at 1.5 per cent and presented in real terms (\$676 million undiscounted in real terms). This equates to an estimated \$729 million in undiscounted nominal terms.



## Outlook

The strategic priority of ERA is the 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 completed in February 2020, 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 approximately \$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.

Consequently, ERA's near-term strategic priorities include:

- complete rehabilitation of the Ranger Project Area;
- maximise the generation of cash flow from the remaining inventories of drummed uranium oxide;
- preserve optionality over the Company's undeveloped resources; and
- progress inorganic growth options evaluation.

ERA continues to hold substantial inventories of uranium oxide that it aims to sell down opportunistically.

This announcement is authorised by the Disclosure Committee.



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### **Competent Person**

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2020 Annual Statement of Reserves and Resources which was released to the market on 15 February 2021 and is available to view at [Annual Reserves and Resources Statement 2021](#). The Company 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 underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company 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.

### **About Energy Resources of Australia Ltd**

Energy Resources of Australia Ltd (**ERA**) has been one of the nation's largest uranium producers and Australia's longest continually operating uranium mine.

The operations of ERA are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park. ERA respectfully acknowledges the Mirarr, Traditional Custodians of the land on which the Ranger mine is situated.

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

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than 35 years. During that time, Ranger has produced in excess of 132,000 tonnes of uranium oxide.

ERA's Ranger mine (100%) is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory. ERA holds title to the Jabiluka Mineral Lease (100%). ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

For further information, please contact:

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