

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

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CHIEF EXECUTIVE'S ADDRESS

ANNUAL GENERAL MEETING

27 April 2022

Thank you Peter.

Good morning ladies and gentlemen. I would like to add my welcome to this 2022 Annual General Meeting of Energy Resources of Australia Ltd.

I would also like to acknowledge the Larrakia and Mirarr peoples and pay my respect to elders past and present. We are privileged to be able to operate on your lands. Thank you.

I am very excited to be at the helm of ERA at this time. Despite the challenges we face, this is a wonderful opportunity to be part of a world class rehabilitation project, working in partnership with Traditional Owners and Government agencies who share and support our commitment to rehabilitating the Ranger Project Area to a condition such that it could be incorporated into the world heritage listed Kakadu National Park.

Rehabilitating Ranger to this standard is the right thing to do, it is what our stakeholders expect of us, and it is critical to ERA for our life beyond Ranger. I look forward to leading ERA in building a strong reputational legacy at Ranger on which we may build that future.

While the rehabilitation of Ranger is our current strategic focus, our strongest value and first priority is always the wellbeing of our people and local



ERA

communities. We want people who work with ERA to be able to return home safe and healthy to their loved ones after a day's work.

I am pleased to report that ERA achieved an All Injuries Frequency Rate of 0.0 in 2021. This means we had no lost time injuries, no restricted work injuries and no medical treatment cases last year. This is an outstanding result: we have proven that the goal of zero harm is indeed achievable. I am pleased to note that for the year-to-date 2022, we remain injury free.

Our safety metrics cover everyone attending any of our workplaces, so well done to employees, contractors and the many visitors we host at ERA on this ongoing achievement.

Some aspects of our risk profile arguably reduced following the cessation of processing. For example, there are less truck movements for the time being at least, there are fewer conveyors, and no ammonia or lime and less acid to manage. However 2021 was a year of significant change at ERA and change entails risk. We had to decommission the plant which meant emptying tanks and pipelines and removing volatile substances. We undertook non-routine rehabilitation activities such as dredging and cleaning the floor of the Tailings Storage Facility, and of course we had a significant reduction in the size of our workforce and changes in organisation structure.

So while we celebrate this achievement of zero injuries, we also want to recognise that our risk profile has and will continue to change. This requires our constant attention as an injury can so easily occur if we drop our guard. In 2022 we are continuing to implement the Critical Risk Management framework and the Safety Maturity Model which have been adopted from Rio Tinto, and we are campaigning leadership training and mentoring to our frontline leaders who are key to driving positive behaviours in the workplace.



Turning to COVID19, it is pleasing to note that some aspects of daily life are returning to something near normal. Travel restrictions have mostly lifted, people are able to gather in large numbers again, and – thankfully – debilitating symptoms and hospitalisation are less likely with the advent of vaccines.

However we are very aware that we operate in a region that includes many vulnerable people and that many of our people frequently travel between regions and states. Accordingly we continued to implement our COVID-19 Management Plan in 2021 and still do so, especially as Omicron crept into Jabiru and surrounding communities in early 2022.

Fortunately vaccination rates in the local region increased significantly before the virus arrived. ERA now requires all workers to be fully vaccinated against COVID-19 in line with Government health authority guidance, including having a booster shot.

I thank my ERA colleagues and members of the Jabiru Pandemic Action Group, which includes Traditional Owner representatives, for their support in helping to limit the spread and the impacts of COVID-19.

Along with health and safety, a major priority for the Company is remediating and protecting country. In 2021 we had no environmental incidents that might have caused detriment to the surrounding environment. And despite the disappointment of the anticipated cost and schedule overruns, which I shall return to in a moment, there were a number of significant rehabilitation milestones achieved in 2021.

One such milestone was the commencement of revegetation at Pit 1. Our partners at Kakadu Native Plants, a local Indigenous business, collected the



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seeds, propagated the plants and have done a terrific job in slowly but surely turning the surface of Pit 1 from a brown to a green landscape. Very pleasingly, several species of native fauna, including dingoes, have recently been spotted returning to the area.

Other milestones attesting to ERA's ongoing commitment to progressive rehabilitation include the completion of bulk dredging works at the Tailings Storage Facility (the TSF) in February 2021 and cleaning of the TSF floor and wall which were completed in December 2021. The TSF has now received final approvals to be used as a Water Storage Facility.

Rehabilitation works on a tailings dam of this scale are highly complex and are unique in the mining industry: everyone who worked on these projects can be rightly proud of their achievement.

These achievements and the planning of future activities are carried out in partnership with the Gundjeihmi Aboriginal Corporation, the Northern Land Council, the Supervising Scientist Branch, Commonwealth and Northern Territory regulators and various statutory committees. Thank you to everyone who has put their fingerprints on the progressive rehabilitation of Ranger to date. I particularly thank the Mirarr Traditional Owners for their participation and guidance during site visits as part of the Cultural Reconnection program. We are looking forward to working with the Mirarr to better understand the cultural landscape and to deliver outcomes which can help support their vision for the future.

This includes the future of Jabiru. I congratulate the Mirarr Traditional Owners and commend the GAC and NLC on the execution in June 2021 of a Section 19A township lease over Jabiru. This effectively transfers ownership of the town from the Commonwealth to the Mirarr whose land ownership is now rightfully,



ERA

fully and finally established. It also means properties previously leased by ERA from the Commonwealth have now expired and our new landlord is the Gundjeihmi Aboriginal Corporation Jabiru Town, the GACJT.

I look forward to ERA playing a role in helping to create a sustainable future for Jabiru. We acknowledge we still have work to do in rectifying our premises in Jabiru in preparation for hand over to the new owners. We are working hard to meet stakeholder expectations and to play our part in progressing the Jabiru Masterplan.

The Ranger Mine Closure Plan sets out the roadmap for the work required to complete the rehabilitation of the Ranger Project Area. The last update to the Plan was approved by the Commonwealth and Northern Territory Governments in September 2021. That Plan is publicly available on our website. Normally the Company would by now have issued an update to the Plan, however this has been delayed following the announcement in October 2021 that ERA would be undertaking a reforecast of costs and schedule for rehabilitation of the Ranger Project Area.

One aspect of this reforecast, that will need to be reflected in the Mine Closure Plan, is the expected continuation of rehabilitation activities beyond the expiry of the current Section 41 authority in January 2026. We have worked closely with the Gundjeihmi Aboriginal Corporation, Northern Land Council and the Commonwealth Government with the aim to have the Atomic Energy Act amended so that the Federal Minister for Resources can grant ERA a further section 41 authority. This would provide the necessary time to carry out the full rehabilitation of Ranger. In January 2022 the GAC, NLC and ERA jointly wrote to the Commonwealth Government confirming support for the amendment to the Act and urging passage of the amendment bill at the earliest opportunity.



We anticipate that the Act will be amended in the second half of this year following the federal election.

The other aspect of the reforecast process is, of course, a revision to the cost estimate. While the reforecast process is expected to continue until later this year, ERA announced a preliminary finding in February that the cost of Ranger rehabilitation, in accordance with the current Mine Closure Plan, would be somewhere between \$1.6 billion and \$2.2 billion.

As the Chairman has mentioned, since the previous Feasibility Study was undertaken there have been a number of risks and unforeseen costs associated with the project that have, or will, materialise during execution. The main reasons include:

- Increased costs associated with tailings transfer and conversion of the Tailings Storage Facility into a Water Storage Facility;
- technical risks and other impacts associated with Pit 3 capping works;
- unbudgeted costs such as for additional land forming to manage water run off based on our recent experience with rehabilitating Pit 1;
- additional direct and indirect costs associated with project management and owners team support required to deliver the project;
- additional water treatment costs; and
- additional costs caused by schedule delays.

Although Ranger rehabilitation is now our primary focus, ERA continued to supply uranium oxide into the global market. As the Chairman indicated, ERA produced just 34 tonnes for the year ended 31 December 2021. However the Company held a substantial inventory of drummed uranium oxide which it has been selling into the spot market as well as completing contracted sales. The



ERA

2021 sales volume totalled 1302 tonnes, generating revenue of \$190 million in 2021 compared to \$242 million in 2022. The Company's inventory of drummed uranium oxide will be fully sold in 2022 through opportunistic spot sales.

At 31 December 2021 ERA held total cash resources of \$699 million with no debt. However a revision of the rehabilitation provision cost estimate resulted in an unfavorable adjustment of \$668 million. The Company is currently exploring all options to fund the revised future rehabilitation cost estimate.

Finally I would like to share an observation after six months in the role as ERA Chief Executive, an observation reinforced by comments I have received from stakeholders and advisors to the Company. The ERA team are experienced and knowledgeable, and they are passionate about delivering world class rehabilitation at Ranger. They have already achieved some real successes and embrace the challenges ahead. However they are also humble in acknowledging there are areas for improvement. I am excited to be given the opportunity to lead ERA in 2022 as we continue on this journey.

In closing, thank you to everyone who supported ERA in 2021. I look forward to working together with Mirarr Traditional Owners, Governments, my ERA colleagues and all who share our commitment to enhancing the physical, ecological and cultural landscape in the region.

Brad Welsh
Chief Executive