



ASX Announcement

29 July 2022

June 2022 Quarter Operations Review and Business Update (unaudited)

- The sale of ERA's last drum of uranium oxide from the Ranger Project Area was concluded on 31 May 2022.
- Progressive rehabilitation of the Ranger Project Area continued during the quarter.
- During the quarter, ERA commenced a feasibility study update in connection with a lower technical risk rehabilitation methodology (primarily relating to the subaerial capping of Pit 3) and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost and schedule.
- ERA has engaged a leading global engineering and construction firm, Bechtel Australia Pty Ltd ("**Bechtel**"), to review ERA's in-house project execution capability and assist ERA with the feasibility study update.
- ERA has commenced a number of initiatives to strengthen ERA's in-house project delivery capability.
- ERA's planned interim entitlement offer now expected to be in Q4 2022.



In the June 2022 quarter, ERA completed sales of 132,895 pounds of uranium oxide into the spot market. On 31 May, ERA concluded the sale of the last drum of uranium oxide produced at Ranger, bringing the total sales to 532,895 pounds in 2022.

This final sale is the culmination of over 40 years of operation and stewardship by the ERA workforce and key stakeholders. Since production first began at Ranger, ERA has produced and sold a total of approximately 291Mlbs (132,000 tonnes) of drummed uranium oxide around the world.

No mining production and development expenditure was incurred for the June 2022 quarter.

RANGER REHABILITATION UPDATES

Progressive rehabilitation of the Ranger Project Area continued during the quarter.

The conversion of the Tailings Storage Facility to a water storage facility and water transfers from Pit 3 to the Ranger Water Dam were completed on 16 May 2022. This enabled the commencement of the Western and Southern ramp work fronts which are required to facilitate Pit 3 wicking installation.

ERA's Jabiru housing refurbishment program continues to progress. ERA is progressively working with Jabiru Kabolmakmen Ltd for the transfer of properties to enable tenanting by third parties. During the quarter, a further tranche of refurbished properties was transferred.

ERA also submitted a Pit 3 capping application, based on the currently preferred subaerial capping methodology, to stakeholders in April 2022.

REFORECAST FINDINGS AND COST AND SCHEDULE OVERRUNS

As previously announced, the preliminary findings of ERA's reforecast exercise indicated that the revised total cost of completing the rehabilitation of the Ranger Project Area, including incurred spend since 1 January 2019, was estimated to be between \$1.6 billion and \$2.2 billion and would potentially have a revised date for completion of rehabilitation activities of between Quarter 4, 2027 and Quarter 4, 2028.

Approximately \$410 million of the total cost of completing the rehabilitation of the Ranger Project Area has been spent from 1 January 2019 to 30 June 2022.

The forecast cost overruns have been caused by a number of factors including complexities in technical risk management, project delays and additional scope matters involving unbudgeted costs.

ERA notes that the rehabilitation project continues to be exposed to challenging conditions, including tight labour market conditions, supply chain constraints and inflationary pressures being experienced across the broader industry. One example is that ERA is now expecting a 2-month delay in receiving a wicking barge it ordered



from China, resulting in a 2-month delay to the commencement of the Pit 3 wicking works on site.

INTERIM ENTITLEMENT OFFER UPDATE

As announced on 24 June 2022, given ERA's current cash on hand position, an urgent interim funding solution is required.

As further announced on 28 July 2022, the IBC has determined to engage an independent valuation expert to determine the fair value of ERA and will then determine the offer price for an interim entitlement offer by reference to the fair value as determined by the independent valuation expert.

ERA will advise shareholders of the terms of the proposed interim entitlement offer once they are determined, which is currently expected to be in Q4 of 2022.

2022 FEASIBILITY STUDY AND REVISED MINE CLOSURE PLAN

In May 2022, ERA commenced a feasibility study update in connection with a lower technical risk rehabilitation methodology (primarily relating to the subaerial capping of Pit 3¹) and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost and schedule (**2022 Feasibility Study**). Subaerial capping, previously adopted for Pit 1, is a more traditional method and it is currently ERA's preferred methodology.

The 2022 Feasibility Study is expected to take approximately 12 months to complete and will ultimately lead to a revised Mine Closure Plan being developed.

The preliminary findings of the Reforecast, as to both cost and schedule, referred to previously were based on the rehabilitation of the Ranger Project Area being completed in accordance with the subaqueous Pit 3 capping methodology² set out in the current Mine Closure Plan for the Ranger Project Area.

ORGANISATIONAL CHANGE

In January 2022, Bechtel was engaged to review ERA's in house project execution capability to manage and complete the rehabilitation and identified improvement opportunities for ERA's consideration. This review identified, among other things:

- that the size and complexity of the Ranger Project Area rehabilitation requires an uplift in ERA's existing execution capability and resourcing across multiple areas, including a refresh of ERA's organisational structure and execution methodology to meet the project's execution needs;

¹ In essence, the subaerial methodology involves Pit 3 drying and being capped subaerially (i.e. not under water).

² The subaqueous Pit 3 capping methodology requires the installation of wick drains, geotextile and bridging material subaqueously (i.e. under water).



- the Ranger Project Area rehabilitation schedule requires improvements to ensure coordination across all aspects of the project. This will require additional resourcing and the introduction of new routines and procedures;
- ERA's current reporting and progress tracking capability needs to be improved and integrated within the risk management system to better track changes in cost and schedule during ERA's activities; and
- general improvement to project risk management systems.

In response to the findings of the review, ERA has now commenced a number of initiatives to seek to strengthen its in-house project execution capability. These initiatives include:

- ensuring ERA transitions to a 'project-focused' fit-for-purpose organisation with improved reporting and governance systems;
- developing a detailed project schedule incorporating the alternative lower technical risk Pit 3 capping methodology (i.e. subaerial);
- undertaking organisational redesign and engaging with industry partners to 'buy, borrow and build' required capabilities to accelerate the business transformation;
- appointing a Study Director (seconded from Rio Tinto); and
- concurrently running a recruitment campaign for additional senior project delivery leadership roles (e.g., Project Director and Project Services Lead) to meet project execution needs.

In addition to the above, Rio Tinto has submitted a proposal to ERA to provide additional project support, on a cost-recovery basis, which includes organisational and technical support and the secondment of Rio Tinto personnel into certain specified roles (including the study director role referred to above). ERA is reviewing this interim support proposal in the context of initiatives already underway.

ERA has also engaged Bechtel to assist ERA with the 2022 Feasibility Study.

EXTENSION OF THE EXPIRY DATE OF ERA'S TENURE ON THE RANGER PROJECT AREA

ERA is not expected to be able to meet its rehabilitation deadline of January 2026 and has conveyed that expectation to all stakeholders.



To provide access to the site beyond January 2026 to complete rehabilitation of the Ranger Project Area, a new s 41 Authority³ is required, which first requires an amendment to the *Atomic Energy Act 1953* (Cth).

ERA is well advanced in its discussions with relevant Government departments in relation to the required amendment, which will allow the issue of a new s 41 Authority for completing rehabilitation of the site beyond January 2026.

Gundjehmi Aboriginal Corporation (**GAC**), the Northern Land Council (**NLC**) and ERA have been working collaboratively with relevant Government departments on the rehabilitation of the Ranger Project Area and the proposed amendment to the *Atomic Energy Act*. The GAC and NLC, together with ERA have written to the relevant Minister to confirm that they jointly support the introduction of legislation to amend the *Atomic Energy Act* to allow ERA to apply for a new s 41 Authority to access the Ranger Project Area to complete rehabilitation of the site beyond January 2026.

EXPLORATION AND EVALUATION

No evaluation or exploration expenditure was incurred for the June 2022 quarter, in line with the March 2022 quarter.

This announcement has been authorised by the Disclosure Committee.

³ The s 41 Authority is an authority granted by the relevant Minister under s 41 of the *Atomic Energy Act 1953* (Cth) that authorised ERA to mine, recover, treat and process uranium oxide at Ranger. It obliges ERA to rehabilitate the Ranger Project Area.



About Energy Resources of Australia Ltd

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

ERA remains committed to creating a positive legacy and achieving world class, sustainable rehabilitation of former mine assets.

ERA's Ranger Project Area (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.

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