

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

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CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

11 April 2018

Good morning ladies and gentlemen.

On behalf of your Board, I acknowledge the Larrakia people, the custodians of the land on which we are now meeting. I also acknowledge the Mirarr people, the custodians of the land on which the Ranger mine operates.

Since the last AGM, Paul Arnold has joined us as Managing Director and Chief Executive and Sinead Kaufman as a Non-executive Director. Again, welcome to both of you. We have worked with both of you for a while now and certainly feel that we have all got off to a very good start and we look forward to working with you.

Paul joined us in August from Rio Tinto Aluminium following the resignation Andrea Sutton. I have said before that we are deeply indebted to Andrea for what she did for ERA during her term as Managing Director and Chief Executive.

Sinead replaced Simon Trott as a Non-executive Director on the ERA Board and she, along with Zara Fisher, represents our largest shareholder Rio Tinto Ltd. We thank Simon for his very valuable contribution to ERA over two years.

We also welcome James O'Connell to ERA, as the Legal Counsel and Company Secretary. Tom Wilcox, his predecessor, also made a very valuable and significant contribution to ERA over a number of years, Thank you Tom.

This morning, I plan to talk about the following:



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- the progressive rehabilitation and the importance of the partnership between ERA and the Traditional Owners and stakeholders;
- why uranium mining should be on the agenda of State and Territory Governments; and then
- I will touch very briefly on the 2017 performance of the Company.

First, ERA has been progressively rehabilitating the Ranger site for almost as long as it has been producing uranium oxide. Since the mid-90s, major works have been ongoing and the rehabilitation work has attracted the same scrutiny and stakeholder expectations as the production of uranium.

This work has been carried out with the assistance and guidance of the Traditional Owners, as well as our regulators and other key stakeholders, who have also been consulted – and continue to be consulted at every stage of the rehabilitation process.

Since 2012, ERA has spent more than \$452 million on rehabilitation and water management activities at Ranger and, before that, tens of millions of dollars more. With rehabilitation activities set to continue to 2026, the estimated cost of the entire rehabilitation project will be around a billion dollars.

It is a mammoth undertaking and one that ERA is committed to completing to the highest standard. That, to us, is not something that we do grudgingly. We do it enthusiastically, because it is the right thing to do. And, if well done, our licence to operate as a miner is protected. More than ever, our words will be judged by our deeds – and all of our stakeholders will be paying very close attention to our deeds.

Just as ERA has been a leader in finding, mining and exporting uranium to the highest standards and under tough scrutiny since the 1980s, it will continue to



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lead in the standard of mine closure. We are not perturbed by the exacting associated scrutiny, which will properly and necessarily come as part of the process.

Ranger is arguably the most scrutinised and regulated mine in Australia. Since its establishment, ERA has operated under the independent supervision of the Supervising Scientist and its research division, which has a team of approximately 40 scientists working in Jabiru and Darwin.

For almost as long as Ranger has been operating, closure studies have been progressing in parallel with the mining of uranium ore.

ERA is unusual in that it is required, in accordance with the Ranger Authorisation, to backfill its pits. This has seldom been required and there are very few examples of this approach to mine closure of this scale in Australia.

A central focus of studies has been around ecosystem re-establishment. Over that period, a large body of information has been accumulated on the technical aspects of successful ecosystem rehabilitation.

The long-term aim of the project is for the land to be reformed to blend into the surrounds. This will require more than a million native saplings to be planted. This large-scale program of work will provide opportunities for ERA to partner with local indigenous and non-indigenous businesses on rehabilitation projects.

It is our wish that ERA be internationally recognised for its achievements in mine closure: preserving our licence to operate; so that we can unlock future growth and pave the way for future growth in mining operations.

Secondly, on why uranium mining should be on the Governments' agenda; it is critical that rehabilitation be completed to industry leading standards to satisfy



our ambitions; the public's expectations; and, importantly, to retain the respect and trust from our stakeholders. If we do so, that will give rise to other opportunities both for ERA and the industry as a whole.

In that context, with approximately a third of the world's total undeveloped uranium reserves in Australia, the potential to expand the mining industry here is real and one which State and Territory governments should embrace.

Australia already has a market for its product. Currently there are 25 bilateral nuclear cooperation agreements covering 43 countries to export our uranium oxide, Australia should be looking to capitalise on the eventual rebound in demand for uranium oxide and be prepared for an expansion in the nuclear power generating industry, especially in developing countries.

Often forgotten, is the need for us to make sure that the buyers of our uranium oxide are able, in the face of resistance to nuclear power, to talk proudly about the responsible mining (and mine site rehabilitation) of their suppliers in Australia. As much as good rehabilitation gives us a licence to operate, so too does the nuclear power industry need to be able to talk about its licence to operate – and our behaviour, as their suppliers, is key to their message.

Now turning briefly to operations.

We are disappointed to report that our safety performance for the year was below our expectations. We must improve that performance in 2018.

The business generated positive cash-flow from operations of some \$8 million. Progressive rehabilitation activities have continued and production output was within guidance.

The continued low spot price of uranium and relatively high AUD exchange rate continue to be a drag on the business and its cash flow.



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I would like to thank the Board directors for their commitment and strength in the past year and we appreciate the support that the Board has received from the Executive Committee. Many of Paul's team are here today and I would like to thank them for their efforts last year.

I will now hand over to Paul to provide more detail regarding operational matters concerning the Ranger Mine.