

ASX ANNOUNCEMENT

30 August 2023

ERA ANNOUNCES JUNE 2023 HALF YEAR RESULTS

- Net loss after tax of \$331 million, which reflects an increase to the rehabilitation provision.
- Cash outflow of \$113 million from operating activities and \$114 million spent on rehabilitation activities for the first half of 2023.
- The 2022 Ranger Rehabilitation Feasibility Study is progressing. A number of findings have been identified. In addition, there are a number of other significant preliminary findings emerging that require more analysis and studies to determine their size or likelihood of occurring.
- As a result of the preliminary findings from the 2022 Feasibility Study process, the cost of closure estimate has increased by \$368 million, which brings the total cost of completing the Ranger Project Area rehabilitation to \$2.18 billion.
- Rehabilitation provision of \$1,446 million at 30 June 2023.
- As announced in May 2023, ERA completed a non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares. Net proceeds are expected to provide ERA with sufficient capital to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024.

			June 2023 \$000	June 2022 \$000
Cash flow from operating activities	-232%	to	(112,960)	(34,053)
Revenue from sales of uranium oxide	-100%	to	-	35,261
Revenue from ordinary activities	-72%	to	13,403	47,663
Loss from ordinary activities before tax attributable to members	-887%	to	(331,269)	(33,577)
Loss from ordinary activities after tax attributable to members	-887%	to	(331,269)	(33,577)
Net Loss for the period attributable to members	-887%	to	(331,269)	(33,577)
Loss per share (cents)	-450%	to	(3.3)	(0.6)

Review of operations

Energy Resources of Australia Ltd (ERA or the Company) incurred negative cash flow from operating activities of \$113 million for the half-year ended 30 June 2023 compared to negative \$34 million for the same period in 2022. Rehabilitation costs incurred for the half-year ended 30 June 2023 were \$114 million compared to \$80 million for the same period in 2022.

ERA held total cash resources of \$823 million at 30 June 2023, comprised of \$227 million in cash at bank, \$100 million investments in term deposits with maturity dates greater than three months and \$496 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Special Account (Trust Fund). The Company's ability to access the funds held in the Trust Fund is subject to the terms of the Ranger Government Agreement (see below). The Company has no debt and \$125m in bank guarantees.

ERA recorded a net loss after tax for the half-year ended 30 June 2023 of \$331 million (inclusive of \$302 million net rehabilitation adjustment) compared to a net loss after tax of \$34 million for the same period in 2022. The half-year ended 2023 was adversely impacted by increases to the rehabilitation provision partially offset by lower non-cash discount unwind and a reduction in the estimate due to the increase in the discount rate. Further contributing to the 2023 half-year loss was no uranium oxide sales revenue compared to \$35 million for the same period in 2022, with the sale of ERA's last drum of uranium oxide from the Ranger Project Area concluded on 31 May 2022.

Cash costs for the June 2023 half-year were lower than the corresponding period in 2022. This was mainly driven by the completion of all sales of remaining uranium inventories in May 2022 resulting in lower royalties, sustainability payment and selling costs. Cash costs, excluding rehabilitation related expenditure, are now those of a corporate nature.

Interest income for the period was \$13.0 million, compared to \$1.9 million for the June 2022 half-year. The weighted average interest rate received for the period was 4.27 per cent (2022: 0.64 per cent).

Rehabilitation

At 30 June 2023, the ERA rehabilitation provision is \$1,446 million.¹ During the first half of 2023, ERA incurred expenditure of \$114 million on rehabilitation activities.

In determining the rehabilitation provision, ERA has considered the preliminary findings from the 2022 reforecast, recent work in preparation for the interim entitlement offer completed in the period, and preliminary findings from the 2022 Feasibility Study process, which is ongoing. The estimate has been updated to the extent that changes have reached a level of development that allow ERA to determine that it is probable that an outflow of resources will be required to settle the obligation.

¹ 30 June 2023 provision discounted at 2% per cent. This equates to an estimated \$1,600 million in undiscounted nominal terms or \$1,520 million in undiscounted real terms.

As a result, in 2023 the cost of closure estimate has increased by \$368 million which brings the total cost of completing the rehabilitation to \$2.18 billion² resulting in ERA recording an increase to the closure provision estimate of \$313 million. This increase is largely related to the following preliminary findings:

Activity	\$ 'million
Completion of Pit 3 Wicking	10
Revegetation and planting	65
Brine Injection works	35
Ranger Water Dam decommissioning	33
Brine Concentrator refurbishment	10
Pit 3 closure	57
Studies	26
Town infrastructure refurbishment	12
Additional project management cost	43
Monitoring and maintenance	55
Other	22
Total	\$368

In addition to the findings above, there are a number of other significant preliminary findings emerging from the 2022 Feasibility Study process. Analysis and studies of these findings has commenced but have not reached a stage where their size or likelihood of occurring can be confirmed, these include:

- a potential reassessment of the water model and rainfall models used to predict the water treatment aspects of the project, this may result in an increase in forecasts of the volume of water which must be treated,
- possible additional costs in executing the subaerial capping method for Pit 3,
- a possible increase in the forecast costs associated with the movement of stockpiled materials back into Pit 3, and bulk material movement activities required to establish final landform, and
- a revision to catchment conversion assumptions, since the original feasibility study, to reflect an alternate path forward.

A potential reassessment of the water model and other preliminary findings above, if they eventuate, are likely to have a corresponding impact on the Ranger rehabilitation completion date and revised total cost of completing the rehabilitation. The impact on the timing and costs remains uncertain, and there are risks, if suitable mitigations or alternative solutions cannot be found, that the completion date and total rehabilitation costs may exceed current estimates and the previously disclosed range of \$1.6 billion to \$2.2 billion.

² As previously announced in February 2022, 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. The revised cost estimate was based on the Ranger Rehabilitation Project being completed in accordance with the methodology set out in the 2020 Mine Closure Plan.

ERA notes that the above revised estimates, as to both cost and schedule, are based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the 2020 Mine Closure Plan.

Progressive rehabilitation of the Ranger Project Area has continued during the first half of 2023 with several key milestones achieved.

The capping of Pit 3 remains a critical path activity, including wicking and the Pit 3 backfill approval application. Dry capping of Pit 3 has progressed in terms of planning, engineering design and on-ground activities. Approval has been received to dewater the pit and commence the drying of the tailings, which will then enable machinery to access the pit floor for the capping and backfill activities. Capping and backfill activities will start once the Pit 3 dry capping application is approved. Work has continued on scientific studies to address stakeholder feedback on the 2022 application, with groundwater modelling largely complete and other studies progressing based on the outputs from the groundwater modelling. The Pit 3 application is expected to reach final approval in 2023.

Wicking was completed on 9 April 2023 which has accelerated the consolidation of tailings in Pit 3. Geotechnical testing of Pit 3 has been undertaken to determine how well the material is consolidating and early indications are that this is progressing as expected.

Following successful commissioning of the brine injection upgrade system in March, operations have commenced and during the June quarter all brine extracted from process water by the Brine Concentrator was permanently disposed in the Pit 3 underfill in accordance with applicable regulations.

Brine Squeezer process water treatment upgrade work has progressed with construction works completed in May including equipment deliveries and installation. This upgrade will allow additional treatment of process water from the Ranger Water Dam.

Treatment rates of process water through the Brine Concentrator is below planned performance assumed in ERA's water model. A consultant was engaged and completed a review of the proposal for improving the performance of the Brine Concentrator. A roadmap has been developed to provide subject matter expert oversight during the implementation which aims to deliver sustained operational improvement. The adequacy of water treatment infrastructure and the water model is being reviewed as part of the 2022 Feasibility Study.

During the first half of 2023, the Jabiru housing refurbishment program continued to progress including the release of further properties. ERA is progressively working to transfer of properties to enable tenancing by third parties.

Factors including the tight labour market, supply chain constraints and inflationary pressures being experienced across the broader industry continue to impact the project.

For key updates on the rehabilitation project progress and risks refer to note 2 Critical Accounting Estimates and Judgements.

2022 Feasibility Study

In May 2022, ERA commenced a feasibility study in connection with a lower technical risk rehabilitation methodology (primarily relating to the subaerial (dry) capping of Pit 3)³ and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost, and schedule (2022 Feasibility Study).

The 2022 Feasibility Study has progressed during the last six months and is, subject to the additional studies mentioned below, expected to be completed in September 2023. A period of consultation with key stakeholders including Government, major shareholders and traditional owners is expected to follow. This may ultimately lead to a further revision of the current mine Closure Plan and rehabilitation provision.

As detailed above a number of findings have been identified. In addition, there are a number of other significant preliminary findings emerging from the 2022 Feasibility Study process that require more analysis and studies to determine their size or likelihood of occurring.

Given the significance of the preliminary findings, management is undertaking separate studies to investigate alternative solutions for:

- minimising the inflows of water to the process water storage,
- lower cost alternatives for the treatment of mildly contaminated process water,
- improving the water treatment capacity and reducing the operating costs of the water treatment systems,
- optimising the movement of bulk materials into Pit 3, and
- a value engineering study.

The scope and timing of these additional study activities will be advised in a further announcement when details are confirmed.

Extension of Section 41 Authority beyond January 2026

ERA continues to work collaboratively with Gundjeihmi Aboriginal Corporation (GAC), the Northern Land Council (NLC), and relevant Government departments to progress a new section 41 Authority (and associated agreements) to extend its existing Ranger authority beyond the original January 2026 deadline. This will allow additional time for ERA to complete the rehabilitation of the Ranger Project Area, including long-term monitoring and maintenance.

Interim funding update

As previously announced in May 2023, ERA completed a 5 for 1 non-underwritten pro rata renounceable entitlement offer of new fully paid ERA ordinary shares (Interim Entitlement Offer). The Interim Entitlement Offer, which was fully subscribed (inclusive of the applications under the Shortfall Facility), provided a total of approximately \$369 million (before costs). Following the Interim Entitlement Offer, Rio Tinto's voting power and relevant interest remain unchanged at 86.33%.

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

A portion of the proceeds from the Interim Entitlement Offer were used to repay the Rio Tinto Revised Credit Facility of \$100 million and fund costs of the Interim Entitlement Offer of approximately \$4.4 million. The remaining proceeds are expected to provide ERA with sufficient capital to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024.

The Interim Entitlement Offer is an interim funding solution for the Company, with further funding expected to be required by ERA in 2024 for the required Ranger Project Area rehabilitation expenditure.

ERA will use existing cash at bank and net interest received to fund its planned Ranger Project Area rehabilitation expenditure through to quarter 3, 2024, fund corporate costs, working capital, funding costs, and other costs including the holding costs of the Jabiluka Mineral Lease including activities to uphold obligations under the Jabiluka Long Term Care and Maintenance Agreement.

Jabiluka Mineral Lease

ERA holds the Jabiluka Mineral Lease – a large, high-quality uranium ore body of global significance. In accordance with the Long-Term Care and Maintenance Agreement signed by ERA in 2005, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners. The current lease is due to expire in August 2024 and ERA intends to apply for a renewal as provided for in the lease.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2023.

Dividends

ERA has decided not to declare an interim dividend in respect of the 2023 half-year. No final dividend was paid in respect to the 2022 financial year.

Outlook

ERA's purpose is to create a positive legacy and achieve world-class, sustainable rehabilitation of former mine assets.

The Ranger Rehabilitation Project is unique in that it is rehabilitating land in one of the world's most culturally and environmentally sensitive locations, surrounded by the World Heritage listed Kakadu National Park on the land of the Mirarr Traditional Owners.

The strategic priority of ERA continues to be the comprehensive rehabilitation of the Ranger Project Area to a standard where it can be reincorporated into the surrounding Kakadu National Park if Traditional Owners and the Commonwealth Government wish.

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

- Continue with progressive rehabilitation of the Ranger Project Area;
- Complete the 2022 Feasibility Study;
- Secure a suitable funding option to meet future rehabilitation obligations;

- Progressive negotiations to extend the existing Ranger authority beyond January 2026 deadline; and
- Preserve the company's undeveloped resources.

This announcement is authorised by the Board.

Competent Person

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2022 Annual Statement of Reserves and Resources which was released to the market on 13 March 2023 and is available to view on page 20 of the [2022 Annual Report](#). 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 operated Australia's longest continually producing uranium mine.

After the closure of the Ranger Mine in 2021, ERA is now committed to creating a positive legacy and achieving world-class, sustainable rehabilitation of former mine assets.

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

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 also holds title to the Jabiluka Mineral Lease (100%) and is a signatory to the Long Term Care and Maintenance Agreement over the Jabiluka Mineral Lease.

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