

ASX ANNOUNCEMENT

27 February 2024

ERA ANNOUNCES DECEMBER 2023 FULL YEAR RESULTS

- Net loss after tax of \$1,388 million, which reflects an increase to the rehabilitation provision and the cessation of sales of uranium oxide inventories in May 2022. Increases in the rehabilitation provision have resulted after receipt of the outcomes and data of the 2022 Feasibility Study (received in October 2023). Of the increase approximately 85% is related to activities post 2027.
- Based on varying levels of certainty of rehabilitation programs of work ERA is transitioning its rehabilitation activities to a programme management approach.
- The programme management approach is intended to provide greater certainty and value for shareholders and stakeholders as it will support optimisation, risk and uncertainty to be addressed before funding is requested whilst enabling critical path rehabilitation activities to be progressed where appropriate definition and certainty exists.
- ERA expects to spend approximately \$1.2 billion in nominal terms on rehabilitation activities up until the end of 2027. Expenditure beyond that date remains highly uncertain and is subject to further study work.
- Rehabilitation provision of \$2,420 million at 31 December 2023.
- Cash outflow of \$223 million from operating activities including \$211 million spent on successful rehabilitation activities during 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.
- The May 2023 Interim Entitlement Offer was an interim funding solution for the Company, with further funding expected to be required by ERA in the second half of 2024 related to the first tranche of the estimated Ranger Project Area rehabilitation expenditure. This funding requirement is expected to be addressed in the form of a material equity raise in 2024.

	Change		Dec 2023 \$000	Dec 2022 \$000
Cash flow from operating activities	(52%)	to	(223,246)	(146,963)
Revenue from sales of uranium	(100%)	to	-	35,555
Revenue from continuing operations	(38%)	to	34,182	55,309
Loss from ordinary activities before tax attributable to members	(765%)	to	(1,388,094)	(160,553)

For personal use only

Loss from ordinary activities after tax attributable to members	(765%)	to	(1,388,094)	(160,553)
Net Loss for the period attributable to members	(765%)	to	(1,388,094)	(160,553)
Loss per share (cents)	0%	to	(4.3)	(4.3)

Review of operations

Energy Resources of Australia Ltd (ERA or the Company) incurred negative cash flow from operating activities of \$223 million in 2023 compared to negative cash flows of \$147 million in 2022.

Rehabilitation spend for the year ended 31 December 2023 was \$211 million compared to \$194 million in 2022.

ERA held total cash resources of \$726 million as at 31 December 2023, comprised of \$217 million in cash at bank and \$509 million of cash held by the Australian Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt financing in place and \$126m in bank guarantees¹.

ERA recorded a net loss after tax for 2023 of \$1,388 million (inclusive of \$1,349 million net rehabilitation adjustment) compared to a net loss after tax of \$161 million for the same period in 2022. The 2023 result was primarily driven by an increase in the forecast cost of rehabilitation of the Ranger Project Area resulting in an increase in the provision for rehabilitation. This increase is primarily the result of changes in estimate made following the receipt of outcomes and data of the 2022 Feasibility Study (received in October 2023).

As at 31 December 2023, revisions to the rehabilitation cost estimate resulted in unfavourable adjustments of \$1,362.5 million compared to an unfavourable adjustment of \$62.2 million in 2022. The increase in the 2023 rehabilitation provision was partially offset by other non-cash adjustments in the estimates present value due to the increase in the discount rate from 1.5% to 2% on 1 July 2023 of \$13.3 million as well as \$211 million of payment of rehabilitation in 2023 (\$194 million in 2022).

Further contributing to the 2023 result was that no uranium oxide sales revenue was generated following a cessation of uranium oxide sales from the Ranger Project Area in 31 May 2022 compared to \$35 million revenue received in 2022. Revenue from continuing operation mainly includes interest income and some rental receipts.

Interest income for 2023 was \$32.2 million, compared to \$9.3 million for 2022. The increase was driven by both average higher cash balances and higher rates of interest in 2023 than the prior period, with the weighted average interest rate received on term deposit for the period being 4.69 per cent (2022: 1.53 per cent).

Operating costs for 2023 were lower than the corresponding period in 2022. This was primarily due to higher employee related cost in 2022 due to redundancies following ERA's transition to an Integrated Project Management Team (IPMT) and higher 2022 consulting and legal charges related to organisational changes and the setup of the IPMT. In addition, the completion of all sales of remaining uranium inventories in May 2022 resulted in no royalty and selling costs in 2023 further positively impacting operating costs. Operating costs are now those only of a corporate nature.

Provision for Rehabilitation

At 31 December 2023, the ERA rehabilitation provision was \$2,420 million², a net increase of \$1,195 million from the previous period.

Of the increase in the provision, approximately 85% of the increase is attributable to rehabilitation activities post 2027. An extension in schedule to achievement of final land form (FLF) has been a significant factor in driving additional estimated project costs. This extension is primarily due to a reassessment of the time taken to achieve Pit 3 consolidation, with a secondary driver being the transition to lower technical risk Pit 3 capping methods removing previously estimated schedule

¹ \$125 million related to Ranger Project Area and \$1 million related to Jabiluka.

² 31 December 2023 provision discounted at 2% per cent. This equates to an estimated \$2,961 million in undiscounted nominal terms or \$2,667 million in undiscounted real terms.

synergies. In addition to schedule increased estimates in water volumes requiring treatment have driven higher variable costs of treatment against prior year estimates with the overall long-term performance of the water treatment plant being below the planned performance in ERA's previously assumed water treatment strategy. ERA will continue to pursue initiatives to improve the performance of the water treatment plants in line with its revised water treatment strategy. Estimated bulk material movement costs have also been forecasted to increase materially due to higher unit costs than previously estimated with some additional scope relating to catchment conversion activities also driving an increase in cost.

ERA expects to spend approximately \$1.2 billion in undiscounted nominal terms on rehabilitation activities including studies up until the end of 2027. Activities post 2027 and estimates of their costs remain highly uncertain. These activities remain subject to a number of studies and are also potentially sensitive to external events, as such estimates of expenditure beyond 2027 are subject to the further study work detailed below.

Rehabilitation Activities in 2023

During 2023, ERA incurred expenditure of \$211 million on rehabilitation activities with progressive rehabilitation of the Ranger Project Area continuing with several key milestones achieved.

The capping of Pit 3 remains a critical path activity, including the Pit 3 backfill approval application. Wicking commenced in November 2022 in the eastern end of Pit 3 and the final wick was installed on 9 April 2023. Pit 3 backfill approval application was resubmitted to the Northern Territory governing agency during the September 2023 quarter. Final approval of the backfill application is expected in the later part of quarter 1, 2024.

Preparation for the dry capping of Pit 3 has continued to progress. Upon the successful dewatering of Pit 3, the next step will be to lay geofabric which will protect the tailings during capping activities followed by further initial capping activities.

Progress was made during the year to mobilise equipment to be used to accelerate the drying of Pit 3 within the completed wicked zone. Additional specialised drying equipment is expected to be delivered early in 2024.

The Brine Squeezer process water treatment upgrade work progressed reaching completion during the last quarter of 2023 including regulatory approval to operate. This upgrade will allow additional treatment of process water from the Ranger Water Dam.

While performance against operational plan volumes has improved in 2023, treatment rates of process water through the Brine Concentrator has continued below the planned performance assumed in ERA's previous water management strategy. Progress is being made in identifying and implementing strategies that improve plant reliability and production consistency. Although water quality has been challenging this year, high quality on specification distillate continues to be produced. Process improvement initiatives continue to be a key focus area.

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

Overall, factors including a tight labour market and remnant supply chain constraints continue to impact the project.

Outcomes of the 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 3³) and to further refine the Ranger Project Area rehabilitation execution scope, risks, cost and schedule (2022 Feasibility Study).

As previously announced, ERA received outcomes and data from the 2022 Feasibility Study in October 2023 that require more analysis and separate studies, including but not limited to:

- Investigating alternative lower cost solutions for the management of water inventories requiring treatment;
- Development of sediment and erosion control solutions to optimise release of water from rehabilitated landforms;
- Evolution of the final landform design and construction to optimise the movement of bulk materials and appropriately manage late-stage closure sequencing;

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

- Investigating alternative options for site simplification and opportunities for cost optimisation of post-closure monitoring and maintenance;
- Value engineering and safety in design investigations.

The Company will use the outcomes from the studies to optimise Rehabilitation cost, schedule and risk.

Project Execution Approach

Over 2023, ERA embedded project execution, reporting and governance systems through the mobilisation of the Integrated Project Management Team (IPMT) with support from Bechtel. This was an interim project execution approach to support rehabilitation activities being done alongside the 2022 Feasibility Study. This approach brought the best of Bechtel's project capability alongside ERA's world-class rehabilitation expertise. The transition to the IPMT was completed in March 2023.

As announced on 26 September 2023, ERA is transitioning to a programme management approach. This approach seeks to ensure that project scopes with certainty can proceed, in parallel to studies on remaining project execution scopes without certainty. This approach is best supported by an ERA-led execution model, which ERA will adopt in H1, 2024.

Extension of the Expiry date of ERA's tenure on the Ranger Project Area

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

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), provide a total of approximately \$369 million (before costs). Following the Interim Entitlement Offer, Rio Tinto's voting power and relevant interest remained unchanged at 86.33%.

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 was an interim funding solution for the Company, with further interim funding expected to be required by ERA in second half of 2024 related to the first tranche of the estimated Ranger Project Area rehabilitation expenditure. The Company notes Rio Tinto's public statements to the effect that it is committed to working with ERA to ensure the rehabilitation of the Ranger Project Area is successfully achieved to a standard that will establish an environment similar to the adjacent Kakadu National Park. Given Rio Tinto subscribed to its full share of its entitlements in the previous Interim Entitlement Offer, the Board considers that Rio Tinto remains committed to the successful rehabilitation of the Ranger Project Area. This funding requirement is expected to be addressed in the form of a material equity raise in 2024.

ERA will use existing cash at bank and relevant 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 possible renewal of the Jabiluka Mineral Lease and 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 initial term of the MLN1 Jabiluka lease is due to expire in August 2024. ERA has commenced discussions with stakeholders, including the GAC, concerning any application for renewal of the Lease. A final decision on lodgement of the renewal, and its timing, will be made in due course.

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 rehabilitation of the Ranger Project Area in accordance with our obligations so that it can be reincorporated into the surrounding Kakadu National Park if Traditional Owners wish.

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

- Execute rehabilitation scope of the Ranger Project Area;
- Progress studies to increase technical certainty in other project Tranches;
- Secure a suitable funding option to meet future rehabilitation obligations, including a material equity raise;
- Progress negotiations to extend the existing Ranger authority beyond January 2026 deadline; and
- Preserve the company's undeveloped resources.

Dividends

ERA has decided not to declare a final dividend for the 2023 financial year. No final dividend was paid in respect to the 2022 financial year.

Exploration

There was no exploration expenditure for the year ended 2023.

Date of AGM and closing date for director nominations

Pursuant to ASX Listing Rule 3.13.1, ERA advises that it will hold its 2024 Annual General Meeting on Wednesday, 24 April 2024.

ERA will accept nominations for the election of directors up until 5pm ACST on Monday, 4 March 2024, in accordance with ASX listing rule 14.3.

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.

For further information, please contact:

Media

Jessica Silvester
ERA
Mobile: +61 419 864 865
Email: jessica.silvester@riotinto.com

Investor Relations

Craig Sainsbury
Automic Markets
Mobile: +61 428 550 499
Email: craig.sainsbury@automicgroup.com.au

Website: www.energyres.com.au
Twitter: Follow @ERARangerMine on Twitter

For personal use only