

ASX Announcement

Results of Market Soundings

28 August 2024

Energy Resources of Australia Ltd (**ERA**) refers its announcement and Business Update Presentation dated 26 August 2024.

Market Soundings process

As announced, ERA undertook an investor sounding process to determine interest in an equity raise to fund rehabilitation activities (**Market Soundings**).

ERA indicated it was seeking a minimum of \$210m but may raise more depending upon what size offered the most beneficial terms upon which ERA could obtain funding to meet its rehabilitation requirements.

The Market Soundings were broad based and sought to engage with all of ERA's major shareholders as well as third party investors to determine their support for a potential equity raise. Over 90 investors were contacted during the Market Soundings process.

Following conclusion of this Market Soundings process, the only investor willing to provide ERA with a pre-commitment to support an equity raise (regardless of minimum size) was Rio Tinto.

The only terms upon which Rio Tinto have indicated they will support an equity raise are as follows:

- **Offer size:** \$880m capital raise, of which Rio Tinto will subscribe for its pro-rata entitlement, which is expected to fund planned Ranger Project Area rehabilitation related expenditure up until approximately Q3 2027¹
- **Offer price:** \$0.002 per share, representing an approximate 87.8% discount to 5-day VWAP²
- **Offer structure:** Renounceable entitlement offer

IBC decision to proceed with an Entitlement Offer

Based off the feedback obtained during the Market Soundings process, the IBC has determined to proceed with an Entitlement Offer to raise approximately \$880m at an Offer Price of \$0.002 per share.

¹ The ultimate cost of rehabilitation works and the timing of those costs is necessarily uncertain. Costs may vary depending on factors beyond ERA's control such as weather events, legal requirements, technological change and market conditions.

² Over the five trading day period ending 23 August 2024.

Careful consideration was given by the IBC to the overall timing of the Entitlement Offer, particularly given the ongoing Court proceedings regarding Jabiluka and the uncertainty that this has created for shareholders.

As disclosed in the Business Update Presentation dated 26 August 2024, ERA is likely to breach its minimum cash reserve of approximately \$50m in Q4 of this year and is expected to deplete its cash resources by the end of 2024 or early 2025.

Having regard to the likely timing of settlement of the Entitlement Offer (indicatively October 2024) and the fact that the final hearing for the Court proceedings regarding Jabiluka is not scheduled to commence until late October 2024 (noting that it is likely that a judgment would not be handed down until some time later), the IBC determined that it was necessary to proceed with an Entitlement Offer to ensure ERA remained solvent and was able to meet its ongoing obligations.

Alternative funding options considered by the IBC

As announced to the ASX on 12 March 2024, the IBC appointed advisers to advise on a potential equity raise or other funding options. The IBC has considered all funding alternatives reasonably available to ERA, including control transactions, equity, debt, asset sales and a drawdown from the Ranger Rehabilitation Trust Fund.

The alternatives included:

- Commencing in April 2024, the IBC tested the interest of both potential underwriters and potential strategic investors to determine interest in underwriting a potential capital raise in ERA and/or acquiring a strategic interest in ERA. The IBC was unable to secure any underwriting support or strategic investor interest.
- In July 2024, ERA received a non-binding offer for the potential sale of Jabiluka Mineral Lease (MLN-1) from Boss Energy for \$550m. This offer was withdrawn given the announcement from the NT government on 26 July 2024 advising that the Jabiluka Mineral Lease would not be renewed
- In April 2024 and again in August 2024, a formal request to Rio Tinto for a credit facility up to \$210m, both of which Rio Tinto declined
- In August 2024, a formal request to the Commonwealth Government for a \$210m drawdown of the Ranger Rehabilitation Trust Fund. The Commonwealth Government declined the request and expressed concern regarding the significant gap between ERA's estimated rehabilitation costs of \$2.4bn (as at 30 June 2024) and the security held by the Commonwealth of approximately \$635m, and encouraged ERA to work with its shareholders as a priority to ensure it can continue to meet its rehabilitation obligations moving forward
- The IBC has also explored delaying expenditure on the Ranger Rehabilitation Project to preserve existing cash but determined that this was not practicable given such a delay would risk an increase in the overall cost of rehabilitation and size of the rehabilitation provision, including due to inefficiencies and holding costs, and potentially a failure to comply with approvals in relation to the rehabilitation program.

Shareholder participations and intentions

- Rio Tinto has committed to subscribe for \$760m in total in an Entitlement Offer
- Rio Tinto's voting power could increase to up to 99.2% in ERA following completion of the Entitlement Offer taking into account the binding pre-commitments and assuming no other shareholders (other than the Rio Tinto) participate and Shortfall Entitlements and Shortfall Shares are not taken up
- Rio Tinto is restricted from being issued, and will not be issued, any New Shares in excess of its entitlement
- As Rio Tinto's percentage holding in ERA may increase as a result of the Entitlement Offer, Rio Tinto has provided an intentions statement that will be included in the Entitlement Offer documentation in relation to ERA's business in accordance with Takeovers Panel Guidance Note 17
- In the event that Rio Tinto beneficially owns 90% or more of the shares in ERA, Rio Tinto would have the option to compulsorily acquire the remaining ERA shares under Part 6A.2 of the Corporations Act 2001 (Cth) (Corporations Act) and has indicated an intention to do so
- Packer & Co Ltd and Zentree Investments Limited's aggregate percentage holding in ERA would have to reduce in order for Rio Tinto to own 90% or more of the shares in ERA

This announcement is authorised by the Independent Board Committee.

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About Energy Resources 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 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.