



ERA Energy Resources of Australia Ltd

2017 Full Year Results Additional Information for the Financial Community

31 January 2018





Cautionary statements

This presentation has been prepared by Energy Resources of Australia Ltd ("ERA") and consists of the slides for a presentation concerning ERA. By accessing/ attending this presentation you acknowledge that you have read and understood the following statement.

Forward-looking statements

This document contains certain forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding ERA's financial position, business strategy, plans and objectives of management for future operations (including development plans, rehabilitation estimates and subjectives relating to ERA's products, production forecasts and reserve and resource positions), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of ERA, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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Nothing in this presentation should be interpreted to mean that future earnings per share of ERA will necessarily match or exceed its historical published earnings per share.

All currency mentioned in this presentation is in Australian dollars unless otherwise stated.

Competent Person

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2017 Annual Statement of Reserves and Resources which was released to the market on 30 January 2018 and is available to view at <https://www.asx.com.au/asxpdf/20180130/pdf/43r4pyz70bx53d.pdf>. ERA 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. ERA 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.



Acknowledgement of Traditional Owners

The operations of Energy Resources of Australia Ltd (ERA) are located on Aboriginal land and are surrounded by, but separate from, Kakadu National Park

ERA respectfully acknowledges the Mirarr, Traditional Owners of the land on which the Ranger mine is situated



Agenda

- Strategic priorities
- Health and safety
- Market outlook
- 2017 operational performance
- 2017 financial performance
- Progressive rehabilitation
- Stakeholder engagement
- Summary



Focus remains on three near term priorities

Focus remains on the priorities identified in the strategic review performed in 2016

Near term strategic priority

Continue the progressive rehabilitation of the Ranger Project Area

Maximise the generation of cash flow from the processing of stockpiled ore

Preserve the option for the future development of Ranger 3 Deeps

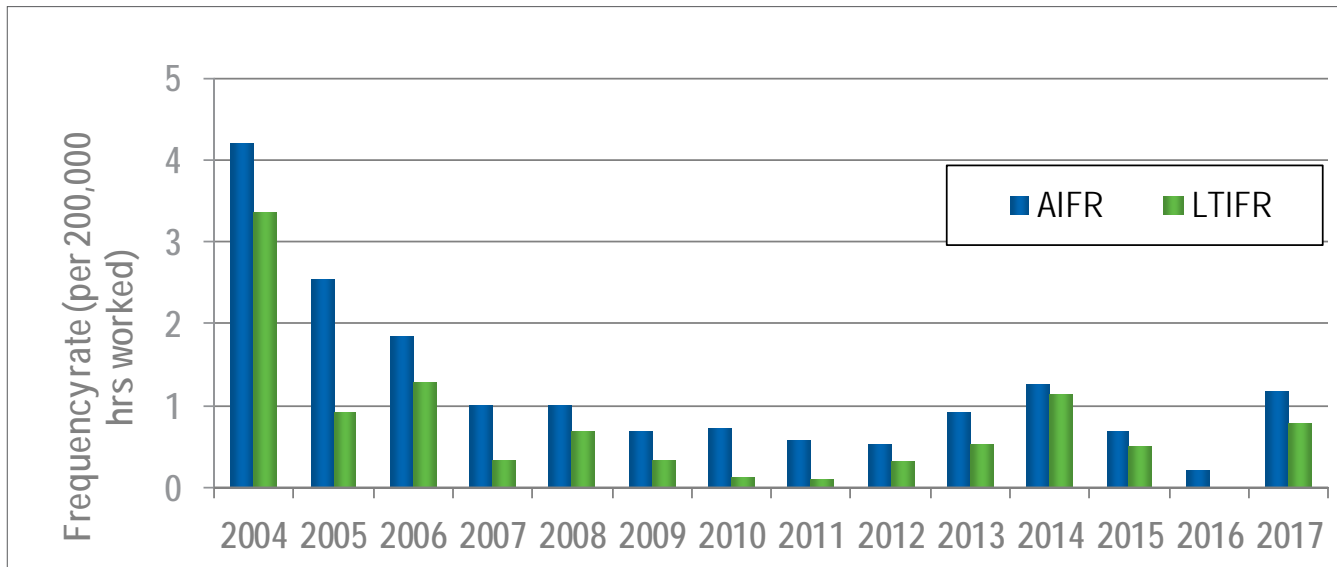
2017 outcomes

- Commencement of bulk backfill of Pit 1 following receipt of regulatory approval in April 2017
- Continued dredging of the Tailings Storage Facility
- Feasibility Study commenced in the second half of 2017
- Rehabilitation provision of \$526 million
- Produced 2,294 tonnes of uranium oxide
- Total cash resources of \$468 million representing an increase of \$2 million in the year¹
- Ore reserves sufficient to sustain processing until January 2021 (expiry of Ranger Authority)
- Continuing to preserve options for future development in a weak market environment
- Ranger 3 Deeps infrastructure remains under care and maintenance



Health and safety

Demonstrated commitment to the health and safety of our teams, community and environment in which we operate

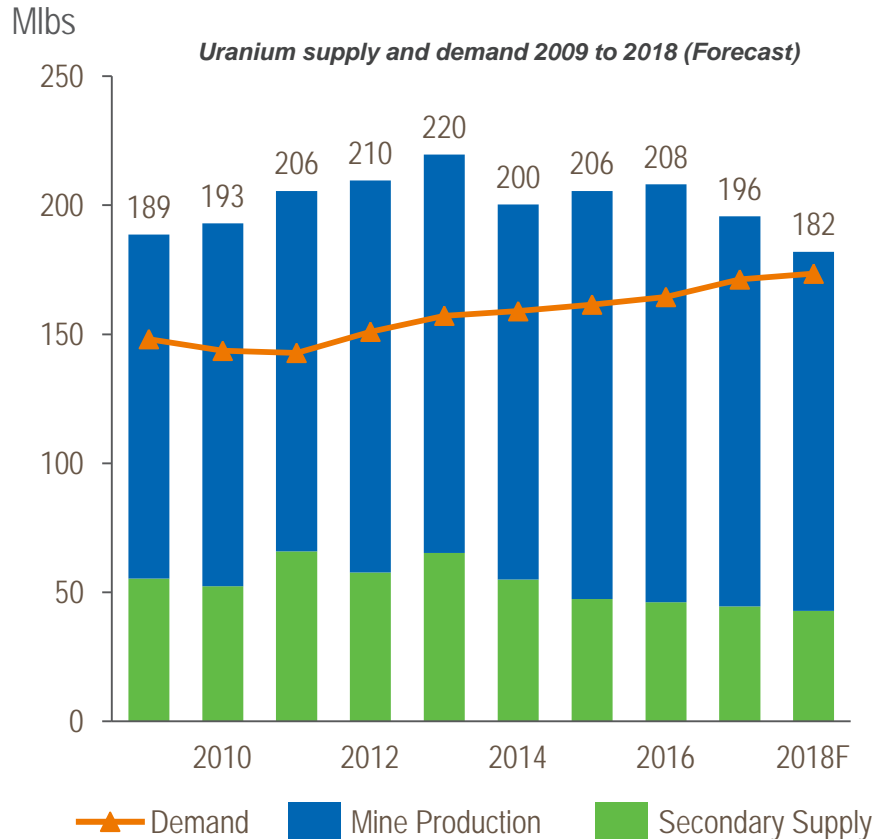


- All Injury Frequency Rate for 2017 was 1.17 with four lost time injuries.
- 2017 health and safety initiatives have focused on:
 - Embedding the Critical Risk Management programme
 - Mental Health programmes for leaders
 - Leadership in the Field
 - Call to Actions – Energised Work and Manual Handling



Uranium market outlook

Short term challenges remain but green shoots are emerging that may support rebalancing over time



Source: Ux Consulting; Company analysis

Near term outlook stronger in 2018

- Market surplus is expected to decline to lowest level since 2007 this year
- Six reactors in China are expected to commence operations in 2018, compared to two in 2017
- Four reactors in Japan are expected to restart in 2018, nearly doubling operating fleet size

Longer term recovery in sight

- Future demand growth to be principally driven by new nuclear capacity in Asia
- Low price environment may constrain investment in new supply supporting rebalancing over time

ERA continues to realise a price premium

- ERA continuing to sell a substantial proportion of its production into long-term contracts in 2018
- Average realised selling price for 2018 expected to be in the US\$42 to US\$48 per pound range

Operational performance

Production guidance for 2018 of between 1,600 tonnes to 2,000 tonnes

Mill Operation	2017
Ore milled ('000 tonnes)	2,624
Recovery (%)	84.7
Mill head grade (% U_3O_8)	0.10
Tonnes produced (U_3O_8)	2,294
Pounds ('000 lbs) produced (U_3O_8)	5,057

- Production continued from existing stockpiles of low grade ore
- Production supported by consistent grade and uranium oxide recoveries
- Production guidance for 2018 of between 1,600 tonnes to 2,000 tonnes
- Delivery of productivity and cost reduction initiatives required to help mitigate the impact of declining grades in 2018



Operator in the processing plant



Full year financial performance

Ranger continues to generate positive cash flow despite industry headwinds

	2017	2016
Cash flow – (\$A million)		
• Opening cash balance	396	365
• Cash flow generated ³	33	54
• Exploration and evaluation expenditure	-	-
• Capital expenditure (net of disposals)	(7)	(3)
• Rehabilitation expenditure	(27)	(20)
• Closing cash balance	395	396
Sales		
• Revenue from sales (\$A million)	211	268
• Sales volume (tonnes)	2,089	2,139
• Average realised price (US\$/lb)	34.75	41.87
• Realised exchange rate (USD/AUD)	0.76	0.74

• Cash resources increased in the year

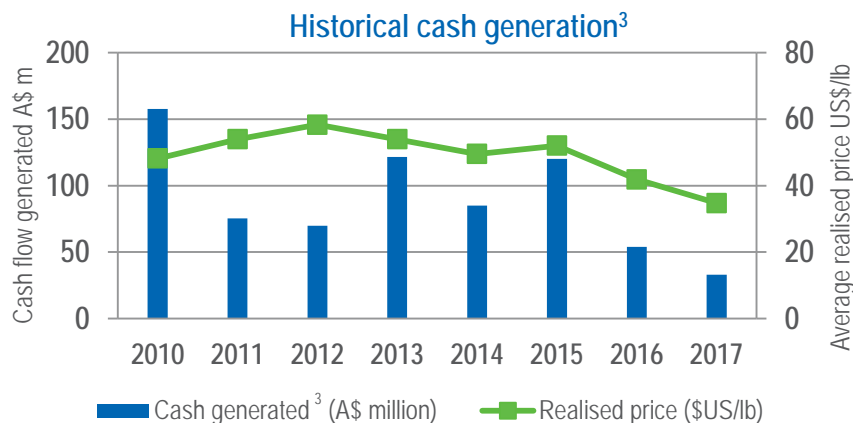
- ERA generated cash flow from the production and sale of uranium oxide of \$33 million³
- Includes settlement proceeds of \$15 million from an insurance claim related to the failure of leach tank 1 in 2013
- ERA held total cash resources of \$468 million at 31 December 2017 (increase of \$2 million over the period)
- Total cash resources at 31 December 2017 comprised \$395 million in cash at bank and \$73 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund.

• Uranium price premium sustained

- Achieved average realised price of US\$35 per pound representing a US\$13 per pound premium to the spot price
- Achievement of price premium consistent with long-term marketing strategy and continues to underpin cash performance

• Continued focus on cash conservation

- Productivity and cash generation focus continues to underpin financial performance



³ Cash flow generated is a non-IFRS measure and represents receipts from customers (incl. GST), net interest and foreign exchange, less payments to suppliers (incl. GST). It excludes payments for exploration and evaluation and rehabilitation which are included in the total of cash flows from operating activities. Refer consolidated cash flow statement (Appendix 4E for respective periods).



2017 earnings performance

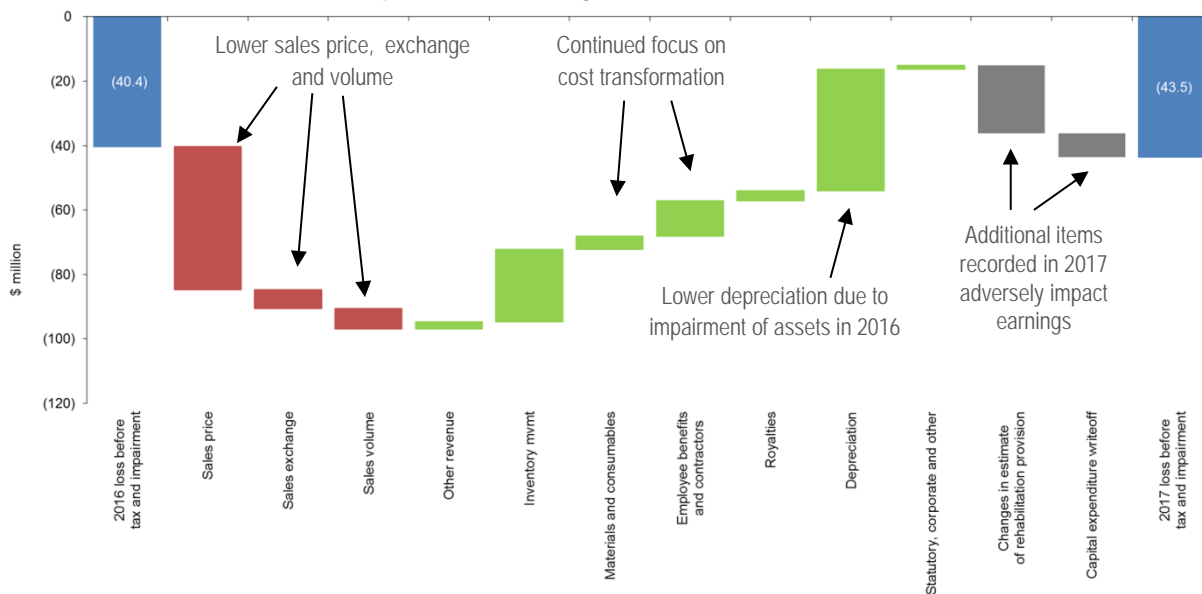
Earnings performance stable despite unfavourable impact of lower sales price

	2017	2016
Earnings (\$A million)		
• Net profit/(loss) before tax and impairment	(44)	(40)
• Net profit/(loss) before tax	(44)	(271)
• Net profit/(loss) after tax	(44)	(271)
Earnings before interest, tax, depreciation, amortisation and impairment	(53)	(11)

• Stable earnings performance

- Chart shows drivers of change in net loss (before tax and impairment)
- Favourable variances attributable to ongoing focus of business transformation and operational efficiencies
- Adverse variances include the impact of a weaker average realised sales price on earnings

Pre-tax and impairment earnings variances – 2017 versus 2016 (A\$ million)



• Non-cash impairment charge impacted earnings in 2016

- Prior year earnings adversely impacted by non-cash charge for the full write-down of the Ranger Cash Generating Unit
- 2016 impairment charge was \$231 million

Delivering progressive rehabilitation commitments

Rehabilitation of Ranger is required to be completed by January 2026

- **\$452 million spent on rehabilitation and water management projects since 2012**
 - Rehabilitation spend of \$27 million in 2017 and rehabilitation provision at 31 December 2017 is \$526 million
- **Dredging of the Tailings Storage Facility at Ranger**
 - Dredging operations continued with 30 per cent of tailings in the Tailings Storage Facility moved to Pit 3
- **Capping of Pit 1**
 - Commenced bulk backfilling of Pit 1 in April following approval from Northern Territory and Commonwealth Government
- **Feasibility Study commenced in the final quarter of 2017**
 - Study will increase the level of certainty over the continued execution of the rehabilitation programme between 2019 and 2026
 - Study due for completion by third quarter 2018
- **Jabiluka site rehabilitation**
 - Monitoring and maintenance ongoing



Pit 1 rehabilitation works



Regular engagement with key stakeholders

Regular engagement with key stakeholders is an important part of our business

ERA contributing to dialogue on future options for Jabiru

- ERA engaged extensively with stakeholders through the year on future options for the town once the town lease expires in 2021
- ERA completed a Jabiru Social Impact Assessment in 2017 which included building awareness in the community on ERA's role in the town's transition

Positive engagement with stakeholders throughout 2017

- Regular meetings were held with Traditional Owner representatives on matters of common interest including Ranger rehabilitation, environmental management and safety
- Engagement with the Supervising Scientist and other government agencies to provide assurance the area surrounding the mine is not impacted by ERA's operations
- Regular community meetings occurred to provide information to business leaders about a range of operational and community matters
- ERA continued to provide direct funding and in-kind support to a range of community initiatives in the West Arnhem region



A visitor to the community centre in Jabiru



Summary

- ✓ Health, safety and environment remains the number one priority
- ✓ ERA produced 2,294 tonnes of uranium oxide from stockpiled ore
- ✓ Average realised price of US\$35 per pound achieved for the year
- ✓ Total cash resources increased by \$2 million in the year to \$468 million at 31 December 2017
- ✓ Delivery of progressive rehabilitation of Ranger continued and is on track
- ✓ Rehabilitation provision of \$526 million at 31 December 2017
- ✓ Positive engagement with stakeholders including Traditional Owner representatives and regulators
- ✓ Continuing to preserve options for future development in a weak market environment



Technician testing samples in the lab