

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

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Media release

Ranger Processing Plant Restart Approved

5 June 2014

Energy Resources of Australia has received written approval for a progressive restart of processing operations from the Northern Territory Department of Mines and Energy and the Commonwealth Minister for Industry.

ERA is now in receipt of all necessary regulatory approvals to resume processing operations at the Ranger mine. The progressive restart of processing operations will commence on 5 June 2014.

Today's approval to recommence processing operations follows investigations conducted by Northern Territory and Commonwealth regulators into the integrity of the Ranger processing plant and related maintenance and safety systems. ERA has co-operated fully with these investigations and with the Government-appointed taskforce charged with overseeing the regulatory response to the leach tank incident.

In parallel with the regulatory investigations, ERA commissioned independent investigations into the root cause of the failure of Leach Tank 1 and the integrity and maintenance of the Ranger processing plant. The findings of these investigations formed the basis of ERA's restart readiness plan which was approved by the ERA Board and announced on 9 April 2014.

Welcoming the approval of a restart, ERA's Chief Executive, Andrea Sutton, said: "We acknowledge that this was a serious incident that damaged community confidence in our operations. We recognise that an important aspect of the recovery from this incident will be restoration of that confidence in our processing operations.

"To achieve that outcome we undertook an extensive review of the integrity of the plant's equipment, our maintenance and inspection plans and we also reviewed plant process safety.

"We have also co-operated with the government-appointed taskforce to support its objective of a rigorous, thorough investigation.

"The measures we have undertaken are designed to prevent anything similar happening in the future and to reassure our stakeholders and the broader community of the integrity of our operation.

"We expect the processing plant to return to normal production levels during the third quarter of this year. ERA will continue to work closely with the government and our stakeholders as we progressively increase our production."

With the progressive restart of processing operations to occur throughout the second and third quarters of 2014, ERA's 2014 production of uranium oxide is expected to be between 1,100 tonnes and 1,500 tonnes.

ERA's first half earnings will be impacted by the additional costs associated with the suspension of processing operations and the Company today provided earnings guidance of a loss of between \$120 million and \$140 million for the first half of 2014.



Background

At approximately 1am on Saturday 7 December 2013, ERA's Ranger mine experienced the failure of Leach Tank 1 within the processing area. ERA voluntarily shut down its processing operations at the Ranger Mine immediately after the event.

On 9 December 2013, ERA received notifications from the Northern Territory Department of Mines and Energy and the Commonwealth Minister for Industry to suspend processing operations at the Ranger mine and not to recommence without regulatory approval, including a requirement from the Commonwealth Minister to demonstrate the integrity of the Ranger processing plant and that human safety and the surrounding environment remains protected.

No employees or contractors were injured as a result of the event. Ongoing monitoring confirms that the surrounding area has not been affected, with no impact on Kakadu National Park.

ERA commissioned a review by a specialist team with experience in major incident investigations. This was undertaken in two phases. The first phase identified the root cause. This found that the rubber lining inside Leach Tank 1, which protects the tank structure from corrosion, had been damaged as a result of wear from a partially failed baffle inside the tank. The damaged rubber lining allowed acidic slurry mixture to come into contact with the tank's steel wall, which subsequently corroded and ultimately led to the failure of the tank.

In 2009 ERA began processing laterite ore in Leach Tank 1, which had previously processed primary ore. The change of ore type involved modifications to Leach Tank 1, including the addition of a higher powered agitator. The investigation found that the partial failure of the baffle was most likely attributable to these modifications. ERA has redesigned and is upgrading the baffle supports in all leach tanks before they are returned to service.

The second phase of the ERA commissioned investigation involved an assessment of the condition of critical assets at the Ranger processing plant and an examination of the maintenance strategies associated with those assets. A total of 8,827 individual assets were reviewed with 1,138 classified as critical assets. The investigation recommended:

- A total of seven critical actions. All related to inspections and thickness testing of the leach tanks and other processing plant tanks.
- The report recommended a further 28 actions to be undertaken on specific assets or systems before they are returned to service.

About Energy Resources of Australia Ltd (ERA)

Energy Resources of Australia Ltd is one of the nation's largest uranium producers and Australia's longest continually operating uranium mine.

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for three decades. Ranger mine is one of only three mines in the world to produce in excess of 110,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, located in Australia's Northern Territory.



ERA

ERA is a major employer in the Northern Territory and the Alligator Rivers Region. ERA is proud of its diverse workforce, of which approximately 16 per cent are Indigenous people.

Located on the 79 square kilometre Ranger Project Area, Ranger mine is surrounded by, but separate from, the World Heritage listed Kakadu National Park.

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