



ERA Energy Resources of Australia Ltd

13 Financial provision for closure



Issued Date: October 2019

Revision #: 1.19.0



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Cover photograph: Natural recruitment on Trial Landform



13 FINANCIAL PROVISION FOR CLOSURE

13.1 Rehabilitation provision

The Energy Resources of Australia Ltd (ERA) rehabilitation provision as at 30 June 2019 was \$799 million.² The calculation of the rehabilitation provision relies on estimates of costs and their timing to rehabilitate disturbed land to a condition similar to the surrounding environment. It should be noted that the rehabilitation provision also includes costs which are outside the scope of the Ranger Mine Closure Plan (MCP) such as Jabiru head-lease expiry related costs, staff redundancies and various corporate costs.

The Ranger rehabilitation costs are estimated on the basis of this MCP and the closure model, taking into account considerations of the technical closure options available to meet ERA's obligations. The provision for rehabilitation represents the net present cost at 30 June 2019 of the preferred plan within the requirements of the Ranger Authority.

The closure model is based on the closure feasibility study, completed in February 2019, which expanded on the previous prefeasibility study (PFS) completed in 2011. Key packages of work completed since 2012 include preliminary Pit 3 backfill, Pit 1 capping and design, construction and commissioning of the tailings dredging system. The feasibility study has increased the level of certainty regarding forecast rehabilitation expenditure.

Major activities to complete the rehabilitation plan include: material movements, water treatment, tailings transfer, demolition and revegetation. Major cost sensitivities include material movements, water treatment and tailings transfer costs.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factors including legal requirements, technological change, weather events and market conditions. It is reasonably possible that outcomes from within the next financial year that are different from the current cost estimate could require material adjustment to the rehabilitation provision for the Ranger Project Area (RPA).

Selected downside sensitivities on the Ranger rehabilitation provision are detailed below.

² The 30 June 2019 provision discounted at 2 per cent and presented in real terms (\$857 million undiscounted in real terms).



Process water

Additional process water volumes are sensitive to many factors and any additional water would require treating through ERA's process water treatment infrastructure, primarily the Brine Concentrator (BC). Water volumes can vary due to:

- additional rainfall above an average wet season
- the performance of water treatment plants (WTPs), including new smaller scale plants that are yet to be commissioned
- the timing of closure of which water catchments occurs, and
- the volume of water expressed from tailings.

If water treatment volumes exceed the available capacity, it may be necessary to expand treatment capacity. This may involve the construction of an additional BC plant or other alternate technology. This has not been allowed for in the estimate and would come at significant additional cost. Furthermore, any significant delay may further compress the schedule requiring alteration to other closure activities.

Bulk material movement

Pit 3 bulk material movements are sensitive to the volume of material which is to be moved and the schedule of movement.

Tailings transfer

Tailings transferred from the Tailings Storage Facility (TSF) to Pit 3 are sensitive to the characteristics of the tailings being moved. An additional dredge has been launched and will be fully commissioned in quarter 3, 2019 to de-risk this process and maintain the schedule.

Other factors

In addition to the factors identified above, the estimate is sensitive to many additional items, including: evaporation rates, stakeholder requirements, brine salt disposal, engineering studies, tailings consolidation rates, plant mortality and project support costs.

ERA considers further specifics of the closure cost estimate to be commercially sensitive information.

13.2 Government agreement

Separate to this MCP, each year ERA prepares and submits an Annual Plan of Rehabilitation (APR) to the responsible Commonwealth Minister for assessment and approval in accordance with the Ranger Uranium Project Agreement between ERA and the Commonwealth Government (Government Agreement). The specific purpose of the APR is to determine the securities amount to be held by the Commonwealth Government for Ranger rehabilitation obligations; these funds are held in the Ranger Rehabilitation Trust Fund. Once the APR is accepted by the Commonwealth Government, the APR is independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund is determined.