



## ASX Announcement

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27 March 2014

### Ranger leach tank recovery – update

- Energy Resources of Australia Ltd (ERA) confirms that the work to dismantle and remove Leach Tank 1 and its associated infrastructure from the Ranger processing area is complete
- The final clean-up of slurry material from within the exclusion zone adjacent to Leach Tank 1 is complete
- The investigation commissioned by ERA into the failure of Leach Tank 1 is complete
- ERA is progressing its operational schedule to allow for the restart of processing operations and continues to work with the Government-appointed taskforce
- The restart of processing operations remains subject to ERA Board, Ministerial and regulatory approvals
- Ongoing monitoring confirms that the surrounding area has not been affected, with no impact on Kakadu National Park

#### Clean-up and recovery operations

ERA confirms that the work to dismantle and remove Leach Tank 1 and its associated infrastructure from the Ranger processing area is complete. The removal of Leach Tank 1 was carried out safely within an established exclusion zone. The failed tank sections have been preserved and stored on site for inspection.

The final clean-up of slurry material from within the exclusion zone adjacent to Leach Tank 1 is complete.

#### ERA commissioned investigation

The investigation commissioned by ERA into the failure of Leach Tank 1 is complete.

ERA's investigation was undertaken in two phases and was led by independent experts with experience in major incident investigation and asset integrity and maintenance respectively.



(i) Root cause investigation

This phase of the investigation 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.

The remaining six leach tanks on site have been emptied and thorough inspections of the tanks are underway. These inspections have identified the occurrence of metal fatigue in the baffle supports in Leach Tank 6. Whilst the baffles in Leach Tank 6 were operative, ERA has decided to redesign and replace the baffle supports in all of the leach tanks before they are returned to service.

(ii) Asset integrity and maintenance investigation

The purpose of the second phase of the investigation was to undertake an assessment of the condition of critical assets at the Ranger processing plant and examine the asset maintenance strategies associated with those assets.

For the purposes of the investigation, a critical asset was defined as an asset which could lead to a significant potential impact on the environment or human safety in the event of failure.

A total of 8,827 individual assets were reviewed, with 1,138 being classified as critical assets. The findings of the investigation are summarised as follows:

- A total of seven critical actions were recommended to be performed prior to the restart of processing operations. All of these relate to inspections and thickness testing of the leach tanks and other processing plant tanks.
- The report recommended a further 28 actions be performed on specific assets or systems prior to those assets or systems being returned to service. Except for those actions relating to assets or systems which are not required to run the processing plant, all of these recommended actions will be implemented prior to the restart of processing operations. The remainder will be implemented following the restart of processing operations.
- The report also made 48 non-critical recommendations which are to be implemented within six to 12 months following restart of the processing plant.

ERA has accepted all of the independent expert's recommendations from the asset integrity and maintenance investigation and is progressing with their implementation across the plant as part of its operational schedule to allow for the restart of processing operations. The restart of processing operations remains subject to



approval from the ERA Board, the Commonwealth Minister for Industry and the Executive Director of the Department of Mines and Energy in the Northern Territory.

The investigation commissioned by ERA is separate from, and has been run in parallel with, the investigation being undertaken by the Government-appointed taskforce charged with overseeing the regulatory response to the leach tank incident.

### **Financial and production impact yet to be determined**

The full financial and production impact for 2014 of the leach tank failure will depend on a range of factors, including the reparation works required on processing plant infrastructure and when ERA is authorised to recommence processing operations.

As announced on 19 December 2013, ERA built a large inventory of uranium oxide in 2013 and has sufficient inventory to meet all sales commitments in the first half of 2014. ERA is currently evaluating a range of alternatives to meet its sales commitments in the second half of 2014. The outcome of this evaluation and the quantities involved will depend on the timing of the restart of processing operations.

ERA continues to work with the government-appointed taskforce consisting of the Northern Territory Department of Mines and Energy, the Commonwealth Department of Industry, Northern Territory WorkSafe, the Supervising Scientist, the Northern Land Council and the Gundjeihmi Aboriginal Corporation, which represents the Mirarr Traditional Owners.

Ongoing monitoring confirms that the surrounding area has not been affected by the tank failure and that ERA's containment systems worked to design, with no impact on Kakadu National Park.

All other activities at Ranger, including rehabilitation, water management and the Ranger 3 Deeps Exploration Decline, continue as scheduled.



**ERA**

### **About Energy Resources of Australia Ltd**

Energy Resources of Australia Ltd (ERA) 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 is a major employer in the Northern Territory and the Alligator Rivers Region. ERA is proud of its diverse workforce of more than 500 people, of which 16 per cent are Indigenous people.

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

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