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Wednesday, 12 October 2011

ERA TO RAISE \$500 MILLION IN EQUITY VIA AN ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

- 12 for 7 underwritten accelerated renounceable entitlement offer to raise \$500 million
- Offer Price of \$1.53 per share, a 29.8% discount to the Theoretical Ex-Rights Price
- Proceeds to be used to fund construction of Ranger 3 Deeps exploration decline, further studies into development of Ranger 3 Deeps mine, expanded exploration of the Ranger Project Area and construction of the Brine Concentrator and other water management initiatives
- Major shareholder Rio Tinto is fully supportive of the capital raising

Following the announcement in August 2011 that Energy Resources of Australia Ltd ('**ERA**') was well advanced in developing a long term funding plan, ERA today announced a 12 for 7 accelerated renounceable entitlement offer of new ERA ordinary shares ('**New Shares**') to all eligible shareholders at an offer price of \$1.53 per New Share ('**Offer Price**') to raise approximately \$500 million ('**Entitlement Offer**'). The Entitlement Offer comprises an institutional component ('**Institutional Entitlement Offer**') and a retail component ('**Retail Entitlement Offer**').

Rio Tinto, ERA's largest shareholder, is fully supportive of the Entitlement Offer. It has committed to subscribe for its 68.4% entitlement in full, and the remainder of the Entitlement Offer is fully underwritten. In addition, Rio Tinto has indicated that it intends to participate in sub-underwriting of any shortfall in the Retail Entitlement Offer.

The proceeds of the Entitlement Offer will be used to fund:

- (a) the construction of a Brine Concentrator for an estimated cost of \$220 million and other water management initiatives for an estimated cost of \$52 million;
- (b) the construction of the Ranger 3 Deeps exploration decline and associated exploration drilling for an estimated cost of \$120 million;
- (c) the completion of evaluation studies into the development of the Ranger 3 Deeps mine for an estimated cost of \$55 million; and
- (d) an expanded exploration program targeting highly prospective areas on the Ranger Project Area during the period 2012 to 2014 for an estimated cost of \$40 million.

Details of the Entitlement Offer and other information described in this announcement are also set out in an investor presentation which ERA has provided to the ASX today ('**Investor Presentation**'). The Investor Presentation contains important information, including key risks and foreign selling restrictions with respect to the Entitlement Offer.



ERA's Chief Executive, Rob Atkinson said "This capital raising will provide funding for the three very important projects for ERA."

"ERA takes water management very seriously. This capital allows ERA to progress the implementation of our water management strategy, which includes the construction of a Brine Concentrator and other initiatives, in as timely a manner as possible."

"It is important that ERA understands the full extent of the resources on the Ranger Project Area and, as such, has planned to conduct an expanded exploration program to be conducted over the period from 2012 to 2014."

"Following the Northern Territory Government's recent approval, site preparation work for the Ranger 3 Deeps exploration decline will begin shortly, with construction of the box cut and decline scheduled to commence in May 2012. In parallel, ERA will undertake evaluation studies on the potential development of the Ranger 3 Deeps mine."

"ERA expects to make a decision on the Ranger 3 Deeps mine development in 2014. At the same time, ERA will reassess its future funding requirements having regard to the outcome of the Ranger 3 Deeps evaluation studies, the detailed rehabilitation studies presently being undertaken and the operating and market conditions experienced in the period to 2014."

Overview of Entitlement Offer

Eligible shareholders with a registered address in Australia and New Zealand will be invited to subscribe for 12 New Shares for every 7 existing ERA ordinary shares held at 7.00pm (AEDT¹) on Monday, 17 October 2011 ('**Record Date**') at the Offer Price ('**Entitlement**').

The Offer Price of \$1.53 per New Share represents a 29.8% discount to the Theoretical Ex-Rights Price ('**TERP**').

New Shares issued under the Entitlement Offer will rank equally with existing shares. New Shares representing the renounced Entitlements and the Entitlements of ineligible shareholders will be offered to eligible institutional shareholders and other institutional investors, with any proceeds in excess of the Offer Price ('**Retail Premium**') returned pro-rata to such renouncing or ineligible shareholders.

¹ Australian Eastern Daylight Time (AEDT)



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The key dates for the Entitlement Offer are:

Key events	Date²
Announcement of Entitlement Offer and trading halt	12 October 2011
Institutional Entitlement Offer	12 October 2011 to 13 October 2011
Institutional shortfall bookbuild	13 October 2011 to 14 October 2011
Trading halt lifted	17 October 2011
Record date	7:00 pm (AEDT) 17 October 2011
Retail Entitlement Offer opens	19 October 2011
Settlement of Institutional Entitlement Offer	24 October 2011
Allotment and trading of new shares issued under the Institutional Entitlement Offer	25 October 2011
Retail Entitlement Offer closes	9 November 2011
Retail shortfall bookbuild	14 November 2011 to 15 November 2011
Settlement of Retail Entitlement Offer	18 November 2011
Allotment of Retail Entitlement Offer	21 November 2011
Trading of new shares issued under the Retail Entitlement Offer	22 November 2011
Distribution of Retail Premium proceeds (if any)	28 November 2011

Eligible retail shareholders will receive a retail entitlement offer booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Retail Entitlement Offer.

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For further information on the company's activities please access ERA's website at www.energyres.com.au

² All dates are indicative only. ERA reserves the right to change these dates without prior notice.



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Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any “U.S. person” (as defined in Regulation S under the Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

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This announcement contains certain “forward-looking statements” within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may,” “should,” “expect,” “anticipate,” “estimate,” “scheduled” or “continue” or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. ERA does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.