

2012 Full Year Results Presentation to the Financial Community

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Acknowledge Traditional Owners

- The mining 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

Forward-looking statement

- This presentation has been prepared by Energy Resources of Australia Ltd (“ERA”) and consists of the slides for a presentation concerning ERA. By reviewing/attending this presentation you agree to be bound by the following conditions.

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- This presentation includes 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 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.
- The information in this report that relates to Ranger Mineral Resources or Ore Reserves is based on information compiled by Geologists Greg Rogers and Stephen Pevely and Mining Engineers Reid Miller and John Murphy (full time employees of Energy Resources of Australia Ltd) who are all members of the Australasian Institute of Mining & Metallurgy. Greg Rogers, Stephen Pevely, Reid Miller and John Murphy have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Greg Rogers, Stephen Pevely, Reid Miller and John Murphy consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.



Agenda

- 2012 overview
- Safety and people
- Operational performance
- Financial performance
- Rehabilitation provision
- Strategic initiatives
- 2012 summary

2012 overview

- **10 per cent improvement over 2011 in safety performance with an AIFR of 0.52**
- **Very strong operational performance maintained throughout 2012**
 - Production of 3,710 tonnes of uranium oxide
 - Record plant throughput of 2.6 million tonnes (primary mill and laterite plant)
 - Achieved 30 year record in plant utilisation of 90.4% (previous record 87%)
- **Mining in Pit 3 completed ahead of schedule (November)**
 - Pit 3 dewatered ahead of schedule allowing early commencement of mining operations after record rainfall in December 2011
 - Strong operational performance by mining and maintenance teams
- **Financials**
 - Net after tax losses of \$219 million including a \$68 million non-cash impairment charge mainly attributable to the low market uranium prices and strong Australian currency outlook
 - Underlying earnings are a loss of \$151 million including \$273 million of non-cash costs (predominantly depreciation)
 - Average realised price at US\$58.33 per pound compared to US\$59.32 in 2011
 - As of 31 December 2012, ERA achieved \$75 million of cumulative cost savings out of the \$150 million target identified in the 2011 Business Review Programme
 - Rehabilitation provision increased from \$565 million (31 December 2011) to \$640 million (31 December 2012)

2012 overview

- **Water management**
 - Completed a 2.3 metre lift of Tailings Storage Facility (TSF) and installation of a contingency pumping system providing additional contingency storage in case of heavy rainfall
 - Constructed a new one gigalitre (one billion litres) pond water retention pond
 - These investments have improved ERA's capacity to manage extreme rainfall events
- **Mining Agreement for Ranger mine executed**
- **Strategic initiatives**
 - Significant progress on installation of major components of Brine Concentrator
 - Ranger 3 Deeps exploration decline box cut was completed and the decline tunnel had progressed to approximately 57 metres at 31 December 2012
 - The Brine Concentrator and Ranger 3 Deeps exploration decline projects are on schedule and budget
 - Achieved significant progress on the Integrated Tailings Water and Closure Prefeasibility Study

Safety and people

Safety

- Record All Injury Frequency Rate (AIFR) of 0.52. A 10 per cent improvement from 2011
- Five recordable injuries occurred in 2012. All employees have made a full recovery and returned to full duties
- ERA was shortlisted for Rio Tinto Chief Executive Safety Award
- ERA was awarded the Australian Road Safety Founder's Award for Outstanding Achievement in relation to road safety initiatives at the Australian Road Safety Awards
- Introduced a new Critical Control Monitoring Plan (CCMP) designed to proactively manage ERA's significant risks

People and diversity

- ERA is a major employer in the West Arnhem region
- 639 employees and contractors
- 17 per cent indigenous employees on average in 2012 (currently 103 indigenous employees working at ERA)
- 20 per cent female employees
- 133 out of 138 leaders participated in Indigenous Awareness Training in 2012



Scott Miller, a local West Arnhem College student, who undertook his school based apprenticeship with ERA was awarded the Northern Territory Board of Studies School-Based Trainee High Commendation award. Scott is now undertaking an apprenticeship with ERA

Operational performance

ERA maintained strong operational performance throughout 2012, in mining, plant operation and water management

	2012
Mining operation	
Material mined (million tonnes)	11.9
Ore mined (million tonnes)	3.8
Mill operation	
Tonnes produced	3,710
Ore milled (million tonnes)	2.6
Recovery (%)	86.2
Plant utilisation (%)	90.4
Water management	
Total quantity of pond water treated (ML)	4,007

Mining Operation

- Fully dewatered Pit 3 in May and completed mining in November
- Progressive rehabilitation of Ranger commenced in December with the backfilling of Pit 3 using the existing mining equipment
- High grade ore available on the Run of Mine (ROM) stockpile to be milled in 2013

Mill Operation

- Record mill throughput at 2.6 million tonnes
- Record plant utilisation at 90.4% compared to a previous record of 87.5%
- Strong performance of the laterite plant (volume and throughput)
- Acid and lime consumption optimised to maximise value

Water management

- Large quantity of pond water treated
- Successfully completed a 2.3 metre Tailings Storage Facility wall lift and a one gigalitre retention pond water facility
- Installed an upgraded contingency pumping system to the TSF
- ERA has increased capacity to manage extreme rainfall events

Financial performance

	2012
Earning - \$ million	
• Net profit/(loss) after tax	(219)
• Underlying earnings	(151)
Sales	
• Revenue from sales of uranium oxide (\$ million)	395
• Sales volume (tonnes uranium oxide)	3,223
• Average realised price – US\$/lb	58.33
Cash - \$ million	
• Cashflow from operating activities	(3)
• Cash flow generated	110
• Major project capex	148
• Sustaining capex	13
• Dividends (cents per share)	-

Earning

- Non-cash costs of \$273 million compared to \$153 million in 2011, predominately related to the depreciation of assets
- Achieved an additional \$55 million of cash savings in 2012, related to the 2011 Business Review Programme
- Non-cash impairment charge of \$68 million mainly due to low market uranium prices and strong Australian foreign exchange outlook (excluded from underlying earnings)

Sales

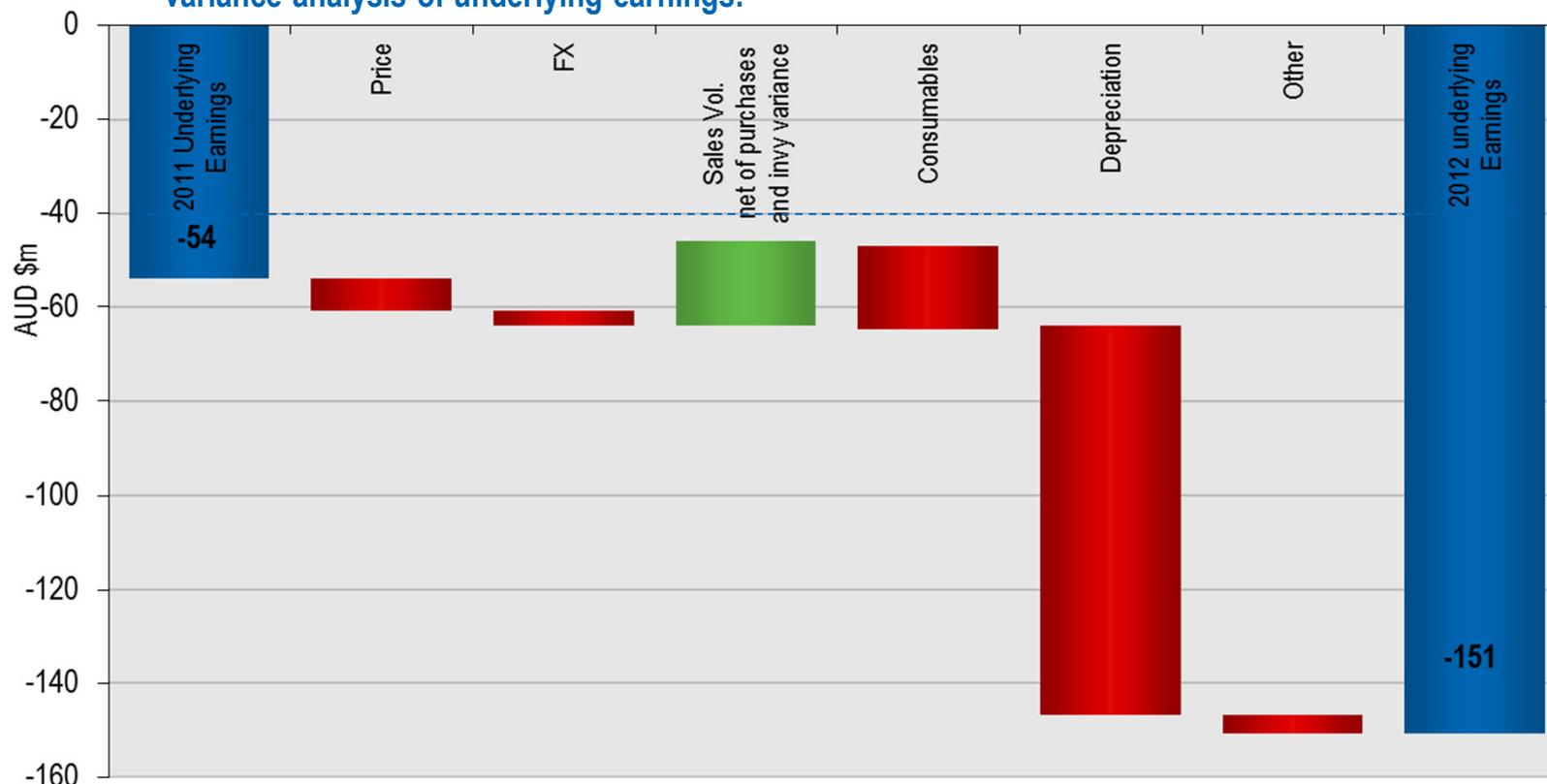
- Sales volume at 3,223 tonnes
- Slight decrease in the average realised price at US\$58.33 per pound compared to US\$59.32 in 2011 despite a significant decline in the market condition
- 501 tonnes of material purchased on the spot market to meet sales timing early in the year (2011: 2,126 tonnes) due to heavy rainfall in December 2011

Cash

- Cash balance of \$467 million at 31 December 2012
- Cash flow from operating activities at (\$3.3) million (including Ranger 3 Deeps exploration decline)
- Cash flow generated by the sales and production of uranium oxide was \$110 million. It excludes all exploration activities.
- Total capital expenditure of \$161 million including sustaining capital, Brine Concentrator and water management initiatives

Key variances - 2012 versus 2011

- 2012 net loss after tax of \$219 million includes a non-cash impairment charge of \$68 million versus a net loss after tax of \$154 million in 2011 which included an inventory adjustment of \$99 million (post tax)
- In order to provide clear statement explaining the key earnings variances, ERA provides the following variance analysis of underlying earnings:



- 2012 Underlying Earnings were materially affected by the increase in depreciation
- Lower sales volume in 2012 offset by reduced spot purchases and favourable inventory build up
- Increased consumable use in 2012 due to full year of production (processing operations were suspended for 5 months in 2011)

Note: all variances are expressed post tax

Other financials

Non-cash impairment charge

- Significant decline of the outlook of both spot and long term prices
- Strengthening of the Australian currency outlook
- Combined unfavourable impact of \$200 million on Ranger fair value
- In recent years, significant increase in the assets (water management initiatives) and rehabilitation costs have been incurred
- The non-cash impairment charge is **not** due to internal factors - all major projects remain on budget and schedule

Uranium loan repayment

- Due to logistical issues, under 300 tonnes of loans remain outstanding as at 31 December 2012
- ERA expects to repay all outstanding loans in H1 2013

Ranger Mineral Resources

- Mineral Resources for the Ranger Project Area significantly decreased from 117,240 to 63,377 tonnes of contained uranium oxide
- Majority of this decrease was attributable to a reclassification of in-situ low grade ores from Mineral Resources to Mineralised Inventory
- Reclassification resulted from the commencement of the backfilling of Pit 3 which sterilised the large resource pit shell that was previously used to quantify the extent of the Ranger Mineralised Resource inventory

Rehabilitation provision

- The Integrated Tailings Water and Closure Prefeasibility Study significantly progressed
- Estimate based on the Ranger Environmental Requirements as prescribed in the section 41 Authority:
 - The rehabilitated area could be incorporated into the Kakadu National Park
 - Tailings must be permanently stored in the mined out pits
- Rehabilitation provision as at 31 December 2012 (discounted):

Movement in the provision	\$
Rehabilitation provision 31 December 2011	565.3
Unwind of discount	26.3
Additional disturbance	35.0
Change in estimate	22.3
Change in discount rate	19.3
Work completed	(28.3)
Rehabilitation Provision 31 December 2012	639.9

Comments:

- Additional disturbance mostly related to the completion of Pit 3 and the TSF lift
- Discount based on risk free discount rate of 2.5% (based on long term 2000 – 2012 Australian Government 10 year bond rate adjusted for inflation)
- Includes contingency based on risk analysis

Strategic initiatives

- **Brine Concentrator on schedule and budget**
 - Construction of the Brine Concentrator approved by ERA Board in February 2012
 - Civil works were completed and all major components were safely delivered to Ranger in December 2012
 - Commissioning expected in Q3 2013
- **Ranger 3 Deeps exploration decline on schedule and budget**
 - Box cut successfully excavated and portal access tunnel completed in October 2012
 - Backfill of the box cut completed by December 2012
 - As at 31 December 2012, development of the exploration decline had progressed to approximately 57 metres
 - In December there were delays in the advancement of the tunnel due to poor ground conditions, however, the ground conditions have improved and at 31 January the decline had advanced 150 metres
 - No significant impact expected on the overall schedule and budget
- **Ranger 3 Deeps underground mine study**
 - \$57 million underground mine Prefeasibility Study approved by the ERA Board
 - Prefeasibility Study progressing on schedule and within budget
 - Referral for underground mine submitted to regulators on 16 January 2013



Brine Concentrator



Ranger 3 Deeps exploration decline

Strategic initiatives continued

- **Integrated Tailings Water and Closure Prefeasibility Study significantly progressed**
 - Developed optimal rehabilitation plan for the Ranger Project Area
 - Confirmed timing, technology and cost necessary to ensure required standards met
- **Mining Agreement for Ranger mine executed**
 - Covers the existing mining and processing operations on the Ranger Project Area
 - The agreement does not contemplate the future of mining beyond the existing Ranger Authority
 - Provides a structured approach for ongoing engagement and collaboration between the GAC and ERA on matters of mutual interest
 - Key features of the agreements include:
 - A regional Sustainability Trust will be created to deliver social initiatives in the local region. The GAC and ERA are represented on the Trust and each will contribute on an annual basis to this Trust
 - A Relationship Committee will be immediately established to ensure effective information sharing and dialogue between ERA and GAC
 - Defined processes for review of aspects of the Ranger operations which may be of interest or concern to Mirarr
 - An agreed approach to increasing opportunities for local Aboriginal participation in business development, training and employment.

Summary

- Continued strong safety and environmental performance
- 2012 loss after tax of \$219 million including a non-cash impairment charge of \$68 million, mainly due to low market uranium prices and strong Australian foreign exchange outlook. No dividend will be paid
- Pit 3 completed ahead of schedule in November 2012. Backfilling of Pit 3 commenced in December 2012. Strong operational performance
- Water management initiatives continue to be successfully implemented with ERA in a strong position to manage extreme weather events
- The Brine Concentrator and Ranger 3 Deeps exploration decline projects are on schedule and budget
- Relationship with the GAC and Mirarr Traditional Owners enhanced with the signing of the Ranger Mining Agreement
- Estimated production in 2013 is expected to be between 2,700 – 3,300 tonnes with sales, combined with repayment of loans, to be broadly in line with production
- Near term market will be challenging, but long term outlook still very encouraging for established producers
- ERA will be a stockpile miner in 2013, as the transition from open pit mining to planning for an underground mine continues
- ERA will continue to restructure the business to adapt to lower production levels and market conditions