



CHIEF EXECUTIVE'S ADDRESS

ANNUAL GENERAL MEETING

29 MAY 2020

Thank you, Peter.

Before I begin, I would like to acknowledge the Mirarr people, the Traditional Owners of the country on which our operation is situated, and their elders, past, present and emerging. I would also like to acknowledge the Whadjuk Nyoongar people upon whose land this meeting is taking place and being broadcast from today.

It is an honour for me to serve as Chief Executive of Energy Resources of Australia, and I am very pleased to highlight the achievements of 2019 as well as update you on the recent challenges we have all faced as a community.

To that, I would like to take this opportunity to acknowledge the ERA team, our stakeholders and the many medical and Government advisers with whom ERA has interacted during this most unsettling COVID-19 pandemic. The expertise of health authorities and the guidance of our stakeholders has enabled ERA to successfully adapt its operations safely – ensuring the health of our local communities and upholding all Government mandated protocols.

We thank you for your support during this time.

In spite of today's unique societal challenge, a highlight of the past year has been the dedication and professionalism of the ERA team of employees and contractors. Our people have continued to work tirelessly to deliver on the Company's commitment to not only provide

clean energy to the world, but to uphold our values to care for people and country, as we operate our business safely and fulfil our rehabilitation obligations.

Our first priority is to care for people and disappointingly, in 2019 we experienced a setback in our goal for zero harm. In the first two months of the year, we saw four of our team mates sustain minor injuries before ending the year with a total of six injuries giving an All Injury Frequency Rate of 1.07 for 2019. Since August of last year, we have sustained just the one reportable injury.

ERA performed well through 2019, delivering production at the top end of our guidance range, achieved through excellent performance in plan execution and plant throughput underpinned by our commitment to process safety. In addition:

- we successfully launched a fully underwritten renounceable entitlement offer which raised \$476 million to fund ERA's Ranger Project Area rehabilitation obligations;
- we fulfilled our commitment to update our Mine Closure Plan and Annual Plan of Rehabilitation based on the findings of the comprehensive Ranger Closure Feasibility Study, approved by your Board in February 2019;
- we achieved a number of milestones in the rehabilitation of the Ranger site, including the successful commissioning of additional dredging capacity and record production of 2.1 gigalitres of process water treatment;
- further delivery of the "Safely Transforming ERA Together" company-wide transformation programme that has now yielded significant productivity improvements and cost savings; and
- more recently in 2020, we implemented a government-approved COVID-19 Management Plan that firstly protects the local community while also enabling the return to work of our non-Jabiru resident employees under stringent segregation protocols.

Let me provide more detail on these accomplishments.

First, as always, is safety. ERA's number one priority is each other's wellbeing. We measure our performance in health and safety by the occurrence of all incidents that harmed, and could have harmed, our people. Last year we applied particular focus to:

- implementation of our Safety Maturity Model – a leadership initiative to drive safe behaviours in the areas of risk management, learning and improving, and work planning and execution;
- leadership development and Mental Wellness programs;
- embedding our ‘Maintaining Process Safety excellence through closure’ program;
- injury management and incident investigation, and
- risk assessment facilitation training.

On 18 February this year, ERA successfully completed a \$476 million pro rata renounceable Entitlement Offer, to fund its rehabilitation obligations at Ranger. While the planned rehabilitation spend occurs progressively in coming years, the rehabilitation obligation is well defined and had to be considered by the Board in the context of ERA’s solvency.

With the material increase in estimated rehabilitation costs, as assessed by the Ranger Feasibility Study completed in early 2019, and following a comprehensive assessment of all potential funding alternatives, the Company decided to proceed with an entitlement offer, which was fully underwritten by Rio Tinto. This has proven to be a very prudent course of action given the current economic environment resulting from COVID-19. The completed Entitlement Offer enables the Company to meet its expected rehabilitation costs, in full, with the successful rehabilitation of Ranger a prerequisite to support future operations and growth beyond Ranger.

ERA has an executable plan to deliver the comprehensive rehabilitation of the Ranger Project Area in accordance with the Company’s legislated obligations. The Company’s Mine Closure Plan is reviewed and updated annually, in accordance with the Commonwealth and Northern Territory regulatory requirements, with the most recent Plan approved by the Commonwealth and Northern Territory Resources Ministers earlier this month.

Closure implementation will see ERA complete the following rehabilitation activities:

- rehabilitate 950 hectares of land;
- treat more than 16 and a half gigalitres (that’s 16 and a half billion litres) of process water over the next five years;
- transfer 27 million cubic metres of tailings from the Tailings Storage Facility to Pit 3; and

- collect seeds for, germinate and then plant over 1.1 million trees on site.

We make substantial progress in meeting these milestones every year, every month, every week.

As I mentioned, additional dredging capacity was commissioned in the third quarter of 2019. A key focus of progressive rehabilitation of the Ranger Project Area has been on the dredges transferring tailings from the Tailings Storage Facility to Pit 3. Following regulatory approval, Pit 1 final backfill and final landform commenced in May 2019. The backfill of Pit 1 is expected to be soon completed in the first half of 2020, at which time revegetation works will commence. Construction and commissioning activities continue to develop alternative process water treatment capacity to complement the existing Brine Concentrator.

At this stage, the restrictions resulting from the COVID-19 pandemic have not materially impacted our rehabilitation program timetable.

I am again proud of the way the entire ERA team has responded and adapted to the challenges and uncertainties posed by the COVID-19 pandemic.

On April 9 this year, our COVID-19 Management Plan was approved by the Northern Territory's Chief Minister's Office and Biosecurity Officer. This Plan reflects extensive planning and detailed risk assessments to ensure that as a first priority, all members of our local communities are protected from COVID-19.

Secondly, the Management Plan installed specific protocols and actions to enable ERA to continue its operations with our 'Bus In, Bus Out' workforce who were unable to travel to site during the period of travel restriction mandated by the Biosecurity Act Determination.

Protocols include measures such as:

- the separation of work teams with those from Darwin completely segregated from our Jabiru resident employees;
- the demarcation of work areas and wearing of distinguishable work clothing to delineate teams, including the use of separate site entrances and exits,

- stringent screening and health evaluation of all workers; and
- full adherence by our employees to Federal and Territory travel restrictions including the fulfilment of all mandated quarantine requirements.

ERA takes its responsibility to the health and safety of the local community seriously and continues to comply with all applicable Government requirements including hygiene recommendations and physical distancing protocols.

2019 was again a year of extensive stakeholder engagement for ERA particularly with the requirement to secure funding for future rehabilitation obligations, completing updates to the Mine Closure Plan and preparations for the approaching expiry of the Jabiru town head lease. This extensive engagement intensified in more recent times to address the operational and community implications from the COVID-19 pandemic.

ERA engaged with the Mirarr Traditional Owners and their representatives, regulators, Governments, shareholders and other stakeholders on a range of other issues including environmental management, cultural awareness, and progressive rehabilitation.

We also continue to work together with the Gundjeihmi Aboriginal Corporation, the Northern Land Council and Government agencies to implement the Jabiru Masterplan in accordance with a Memorandum of Understanding signed in August 2019. Having been a major contributor to the construction and prosperity of the town over the last forty years, ERA is now playing its part to secure a prosperous and confident future for all residents of Jabiru.

ERA greatly values its relationships and constructive dialogue with our key stakeholders. I would like to thank the Mirarr and their representatives, the Gundjeihmi Aboriginal Corporation, for their support and engagement throughout 2019, and particularly in recent months given the critical challenges and pressures we have faced as a community.

Moving to our financial performance, ERA incurred negative cash flow from operating activities of \$100 million in 2019 compared to negative \$76 million in 2018. This was largely due to an increased rehabilitation spend on the Ranger Project Area of \$92 million and the continuing build-up of production inventories for sale into future periods.

Despite negative cash flow, ERA continued to generate a positive cash margin from the production and sale of uranium oxide from low-grade stockpiles.

The sales volume for 2019 was 1,597 tonnes compared with 1,467 tonnes for 2018. Revenue from the sale of uranium oxide was \$210 million compared to \$201 million in 2018. Revenue was positively impacted by higher sales volumes and a favourable movement in the Australian to US dollar exchange rate. This was partially offset by a lower average realised sales price.

The average realised sales price for contracted sales in 2019 was US\$48 and 53 cents per pound compared to US\$47 and 67 cents per pound in 2018. During the year, we achieved an average realised price on all sales of US\$41 and 89 cents per pound. The average realised price compares favourably against the average spot price for 2019 of US\$25 and 90 cents per pound.

ERA recorded a net profit after tax of \$6 million compared to a net loss after tax of \$435 million in 2018. The 2019 results were supported by the settlement of a dispute regarding the design, manufacture and supply of certain infrastructure and the successful execution of the ongoing “Safely Transforming ERA Together” program. The success of our whole-of-company Transformation programme can be attributed to the focus and mindset of our people to generate new ideas and deliver value-adding initiatives.

At 31 December 2019, ERA held total cash resources of \$285 million, comprised of \$209 million in cash at bank and \$76 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. Since the end of the financial year, we have successfully completed our entitlement offer raising a further \$476 million.

To the future. As we have stated previously, ERA has implemented a reduced care and maintenance program for the Ranger 3 Deeps project. Whilst we note the recent strengthening in uranium spot pricing, the project remains economically unviable. This view, combined with a legislative requirement to effect an extension of the Ranger Authority, which otherwise requires processing to cease by 2021, means that reduced care and maintenance remains ERA's only viable strategy on Ranger 3 Deeps.

The Jabiluka Mineral Lease remains under long term care and maintenance in accordance with our agreement with the Mirarr Traditional Owners.

Your Company's strategic priority is the successful rehabilitation of Ranger, which ERA believes will demonstrate its commitment to long-term sustainable operations in the region. This outcome shall create a positive and lasting legacy to underpin potential future growth opportunities for the business.

To sum up, safety remains the number one priority for ERA. Our goal is zero harm.

The ERA team continues to bring innovation and energy to identifying and implementing cost savings and productivity improvements to the business while prioritising safety and wellbeing of our local community as we care for country. I would like to recognise our team for their commitment and their dedication once again this year.

Let me also acknowledge our shareholders for their substantial commitment now made to the Company's future. Furthermore, my thanks to the Mirarr Traditional Owners and all of our stakeholders for their continued support as we work toward the successful completion of the rehabilitation of Ranger by 2026 – not only fulfilling our commitments to the local community in Jabiru but to the Northern Territory and the nation itself, both as an employer and community member.

I look forward to continuing to work with our team and our stakeholders in safely and successfully delivering our objectives in the remainder of 2020.

Thank you.