



ASX Announcement

Ranger Rehabilitation Project cost and schedule overruns – preliminary findings from the reforecast exercise

2 February 2022

Energy Resources of Australia Ltd (ERA) is committed to the successful rehabilitation of the Ranger Project Area. This includes the creation of a landform and a sustainable ecosystem that will enable ERA to meet its obligations to return the land to an environment similar to the adjacent areas of the world heritage listed Kakadu National Park.

Since the update announcement on 19 November 2021, work has continued on the reforecast of both cost and schedule in relation to the calculation of the rehabilitation provision and timing for completion for the Ranger Project Area rehabilitation. To assist with that reforecast, Bechtel was engaged to perform an independent review and gap analysis of ERA's forecast cost and schedule data. The preliminary findings by ERA from its reforecast exercise indicates that:

- (i) the revised total cost of completing the Ranger Project Area rehabilitation, including incurred spend from 1 January 2019, is forecast to be approximately between \$1.6 billion and \$2.2 billion. The previously announced closure estimate, which was based on the Ranger Project Area closure Feasibility Study finalised in 2019 ("Feasibility Study"), was \$973 million¹; and
- (ii) the revised date for completing the Ranger Project Area rehabilitation is forecast to be between Quarter 4, 2027 and Quarter 4, 2028.

ERA notes that the above revised estimates, as to both cost and schedule, are based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan.

Key factors contributing to the forecast cost and schedule overruns include the following:

- (i) additional cost and schedule impacts incurred in tailings transfer and conversion of the Tailings Storage Facility into a Water Storage Facility;

¹ Based on 31 December 2018 rehabilitation provision, (\$973 million undiscounted in nominal terms, excluding not yet recognised termination benefits in line with Australian Accounting Standards and including an allowance of \$1 million in relation to the estimated cost of Jabiluka Mineral lease rehabilitation expense).

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- (ii) emergent technical risks and forecast additional cost and schedule impacts in executing the Pit 3 capping works using the sub-aqueous wicking and capping method forming part of the approved Mine Closure Plan;
- (iii) emergent additional scope items and associated unbudgeted costs, such as additional land forming to manage water run off based on ERA's recent experience of rehabilitating Pit 1;
- (iv) additional costs associated with supplementary project management and owners team support roles required to deliver the project;
- (v) additional water treatment costs; and
- (vi) prolongation costs associated with schedule delays, such as additional project and site management costs including water management and power generation.

A key constraint for ERA is the Atomic Energy Act 1953 which currently requires completion of rehabilitation activities by January 2026. ERA has been engaging with Government and key stakeholders to amend the Atomic Energy Act 1953 and extend the expiry date of ERA's tenure on the Ranger Project Area.

The Board of ERA has requested management review further options for the completion of the rehabilitation project, including a proposed revision to the methodology for capping Pit 3 to more traditional methods that could be subject to lower execution risk than ERA's current approved Mine Closure Plan.

Any change to the execution methodology for the rehabilitation project is likely to necessitate further revision to the forecast cost and schedule for completing the project. Nevertheless, the projected cost overruns are expected to fall within the reforecast range.

ERA is currently reviewing the Ranger Project Area rehabilitation provision as at 31 December 2021 in light of the preliminary findings of the reforecast exercise.

Funding

ERA is currently reviewing all available funding options to ensure that the increased forecast cost of the rehabilitation of the Ranger Project Area will be adequately funded.

Rio Tinto has advised ERA that it is committed to working with ERA to ensure that the rehabilitation of the Ranger Project Area is successfully achieved.

As at 31 December 2021, ERA had \$699 million of cash funding including total cash at bank of \$164 million (unaudited) and \$535 million in cash which is currently held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. The Commonwealth Government is also holding \$125 million in bank guarantees. The company has no debt.

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This announcement has been authorised by ERA's Board

About Energy Resources of Australia Ltd

Energy Resources of Australia Ltd (ERA) is one of the nation's largest uranium oxide producers and operated the Ranger mine, Australia's longest continually operating uranium mine.

The operations of ERA are located on Aboriginal land and surrounded by, but separate from, Kakadu National Park. ERA respectfully acknowledges the Mirarr, Traditional Custodians of the land on which the Ranger mine is situated.

Together, ERA provides clean energy to the world and cares for people and country.

ERA has an excellent track record of reliably supplying customers. Uranium was mined at Ranger for almost forty years. During that time, Ranger produced in excess of 132,000 tonnes of uranium oxide.

ERA's Ranger mine (100%) is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory. ERA also holds title to the Jabiluka Mineral Lease (100%). ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

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