Energy Resources of Australia Ltd

ERA

ANNUAL REPORT 2021

Seedling grown from seed collected by Kakadu Native Plants in ERA's nursery.

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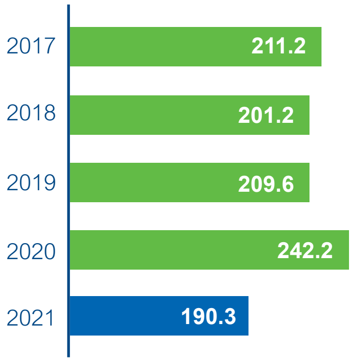

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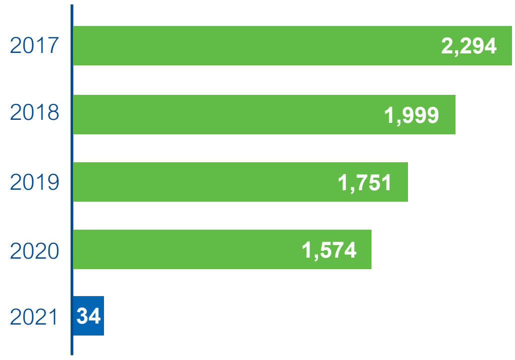

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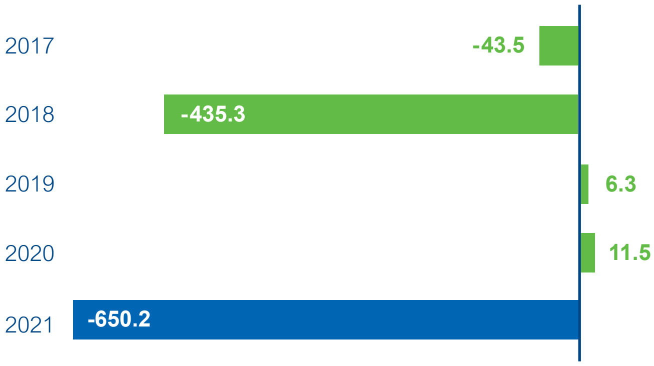

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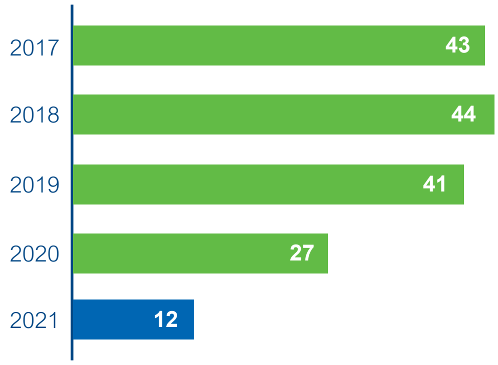

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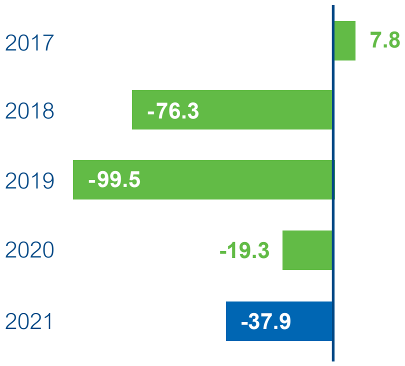

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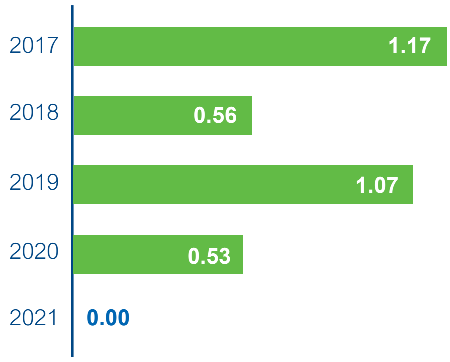

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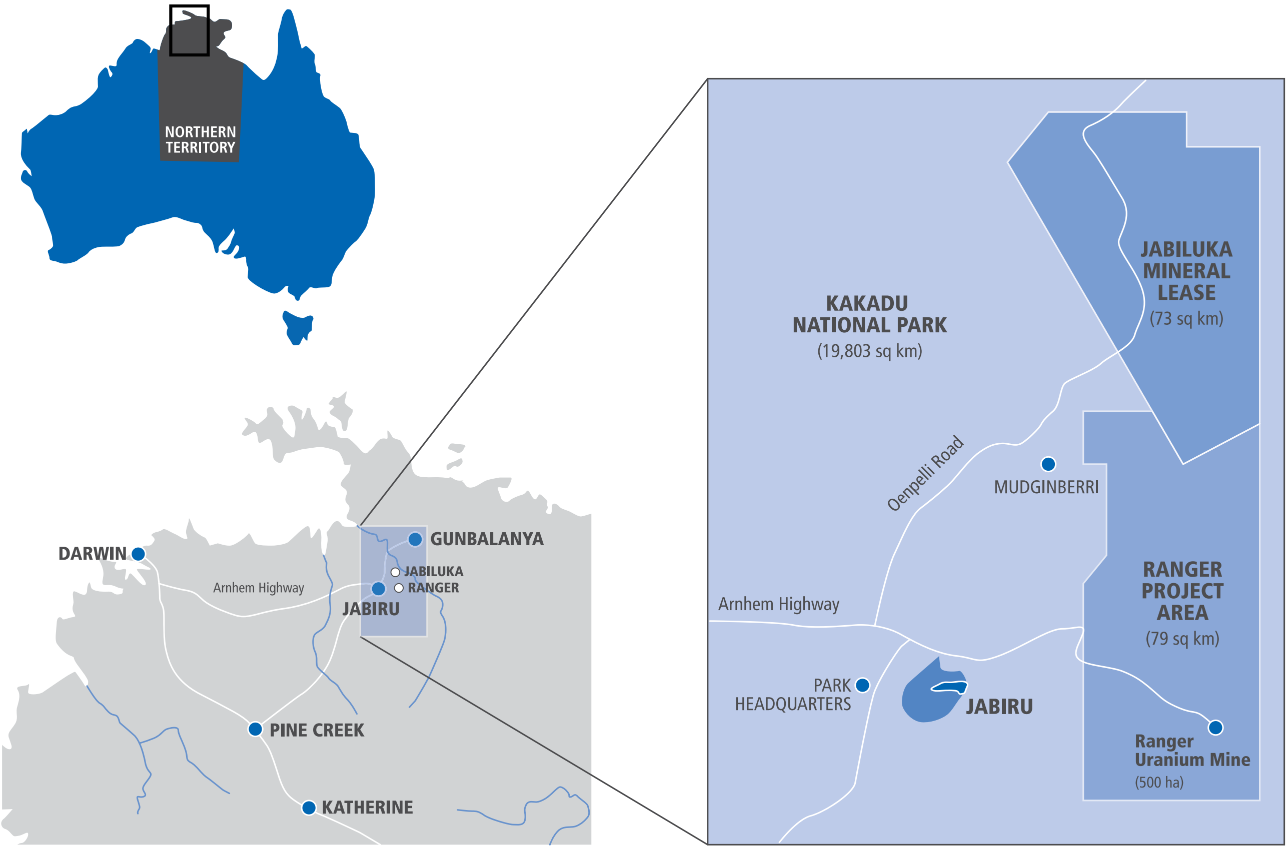

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CHAIRMAN'S REPORT

I want to begin by confirming the Company's commitment to deliver on its environmental, cultural and community obligations. The past year has been challenging, however I can reassure all stakeholders that our commitment to, and progress towards, achieving the outcomes required under our very strict regulatory framework does not waiver.

The year 2021 was book-ended by two very significant events: the cessation of processing of stockpiled ore at the start of the year and, late in the year, recognition of material overruns in the cost estimate and schedule for Ranger rehabilitation.

On the 8 January 2021 the last drum of uranium oxide was produced at Ranger and processing ceased in accordance with the Ranger Section 41 Authority. During its life Ranger produced more than 132 thousand tonnes of drummed uranium oxide and was Australia's longest continually operating uranium producer.

Ranger continues to be iconic as the Company progresses the world class rehabilitation of the Ranger Project Area, befitting the unique and sensitive location in which Ranger is located and in accordance with the regulatory Environmental Requirements. This is a major project in its own right: it comes at a significant cost and will take many years.

Regrettably, since the Ranger Closure Feasibility Study was approved in February 2019, and the Entitlement Offer was completed in February 2020, there have been increasing costs as well as challenges to meeting the existing 2026 deadline for completion of the major rehabilitation activities. In its 2021 half year results announcement, the Company noted a number of changes in assumptions between the Feasibility Study and those that may materialize during execution, and accordingly a reforecast of both cost and schedule data was required. That reforecast process formally commenced in October 2021.

As part of the reforecast process, the Company engaged global engineering firm Bechtel to carry out an independent review and gap analysis of ERA's forecast cost and schedule data. On 2 February 2022, following receipt of Bechtel's review, the Company announced the preliminary findings of the reforecast exercise. These findings indicate that the revised total cost of completing the rehabilitation of Ranger, including incurred spend since 1 January 2019, is estimated to be between $1.6 billion and $2.2 billion.

The previous estimate, based on the Ranger Closure Feasibility Study, was $973 million. The revised date for completion of rehabilitation activities is forecast to be between Quarter 4, 2027 and Quarter 4, 2028.

There is no single cause for these overruns. Rather it is a combination of impacts due to, for example, technical risk management, project delays, and additional scope items and associated unbudgeted costs. We are undertaking leading edge rehabilitation in a complex environment with a range of project risks. As execution proceeds some of these risks have materialized. The reforecast process will help ensure we have a clear pathway and capability to achieve our rehabilitation objectives. The Board is currently reviewing all available options with a view to ensure that the increased forecast cost of rehabilitation will be adequately funded.

I am very aware of the concerns the material overruns and the reforecast process generate for our shareholders and other stakeholders. The Company's major shareholder, Rio Tinto has advised that it is committed to working with ERA to ensure that the rehabilitation of the Ranger Project Area is successfully achieved. I want to express my thanks to Rio Tinto for this support.

While the rehabilitation of Ranger remains the Company's strategic priority, the Board has continued to look at opportunities beyond Ranger. However our immediate focus is necessarily on completing the reforecast process and securing the funds to complete rehabilitation.

The Company remains committed to working with Traditional Owners, regulators, key stakeholders and the wider public to deliver the required environmental outcomes. Despite the disappointment of the anticipated cost and schedule overruns, we should not lose sight of the major rehabilitation milestones that were achieved in 2021. These included the conclusion of dredging of the TSF and transfer of tailings to Pit 3, the cleaning of

CHAIRMAN'S REPORT

the TSF floor and walls, and the commencement and substantial progress of revegetation of Pit 1. We have also worked closely with our key stakeholders toward getting the Atomic Energy Act amended and we have expressed our commitment to seeking a further section 41 Authority to allow the necessary time to carry out the full rehabilitation of Ranger. The Company is working towards delivering on the required environmental outcomes.

I remain very confident and proud that the Company will achieve world class closure outcomes.

The global COVID-19 pandemic continued to threaten the health of our people and local communities and to disrupt Ranger activities in 2021. The ERA team has applied strategies to implement the advice of medical authorities and respond to constant adjusting of Government policy to limit the spread of the virus. I would like to acknowledge the flexibility and determination of the employees and contractors to keeping Ranger running smoothly, including the operation of essential services to the region such as power supply and airport services. I also commend the overwhelming majority of the ERA workforce who have had their two doses of a COVID-19 vaccine and a booster shot in line with Company and NT Government policy. This is now a requirement to work at ERA.

I would like to applaud the ERA team's safety record of zero injuries in 2021. While an improvement in safety performance was perhaps to be expected with the cessation of processing operations, the decommissioning of the processing plant and the major rehabilitation works introduce new and different risks to our business which are themselves inherently risky activities. The ERA workforce is to be commended on achieving an injury free year as well as protecting country from any detrimental environmental incidents. Well done to all.

I would like to acknowledge the members of the workforce who have left ERA since the cessation of production in January 2021, including former Chief Executive Paul Arnold. I wish them all well for the future. I also welcome new members to the ERA team including director Rosemary Fagan and recently appointed Chief Executive Brad Welsh. Brad's appointment follows his strong contribution and leadership while acting in the role.

Finally I want to thank my fellow members of the Board, the senior management team and all of the workforce at ERA for their support and efforts during a challenging year. 2022 will no doubt be another challenging year and I look forward to working with everyone at ERA to rise to the challenges ahead and to deliver outcomes that enhance our reputation and future opportunities.

Peter Mansell
Chairman

CHIEF EXECUTIVE'S REPORT

This is my first report as Chief Executive and Managing Director of ERA. I was very pleased to be offered this opportunity and am excited about the journey ahead, both for myself and for the Company. Although I join at a time when there are many challenges, I also embrace the opportunity to deliver world class rehabilitation outcomes in partnership with Traditional Owners at Ranger, outcomes that will meet the expectations of key stakeholders and the wider public, and also create a strong reputational legacy for ERA on which we may build a future.

Our first priority at ERA is the wellbeing of our people and local communities. We want people who work with ERA to be able to return home safe and healthy to their loved ones after a day's work. I am pleased to report that ERA achieved an All Injuries Frequency Rate of 0.0 in 2021. This means we had no lost time injuries, no restricted work injuries and no medical treatment cases last year. That is an outstanding result and I commend all at ERA for this achievement.

While celebrating this achievement we also want to recognise that our risk profile has changed and continues to change in the transition from operations to delivery of a major project. This change in risk profile requires our constant attention, as an injury can so easily occur if we drop our guard. Our business is well positioned to build on an injury free year through continuing to implement the Critical Risk Management framework and the Safety Maturity Model which have been adopted from Rio Tinto. We still have a way to travel on this journey and to actively transition to a newer and different risk profile post operations.

We continued to implement our COVID-19 management Plan in 2021. We complied with and often, following a precautionary approach, exceeded restrictions set by Government health authorities. In doing so we worked closely with local Jabiru agencies and stakeholders. After almost two years remaining COVID-19 free, the Omicron variant crept into the Kakadu region in early 2022. Fortunately vaccination rates in Jabiru and surrounding communities increased significantly before the virus arrived. ERA requires all workers to be fully vaccinated against COVID-19 in line with Government health authority guidance. I thank my ERA colleagues for their support in helping to prevent the local spread of COVID-19.

Along with health and safety, another major priority for the Company is caring for country. We continued to make good headway with the progressive rehabilitation of the Ranger site with cash expenditure of $153 million and several significant milestones achieved in 2021. One such milestone was the commencement of revegetation at Pit 1 in September following completion of the backfilling and final landform in 2020. Seedlings were propagated by Kakadu Native Plant Services, a local Indigenous business.

Other milestones included the completion of the bulk dredging works at the Tailings Storage Facility (TSF) in February 2021. TSF floor and wall cleaning activities were subsequently completed in December 2021. These TSF works were highly complex, resource intensive and at times very challenging. Rehabilitation works on a tailings dam of this scale are unique in the mining industry and everyone who worked on this project can be rightly proud of their achievement. The TSF has now received final approvals to be used as a Water Storage Facility.

Other key rehabilitation activities included water treatment initiatives as well as the completion of the Brine Concentrator upgrade project. The Pit 3 wicking contract has now been awarded. The wicking and capping of Pit 3 are critical path activities to be completed prior to the commencement of Pit 3 bulk backfill and final land forming.

All of these achievements, as well as the planning and approval of future rehabilitation activities, are carried out in collaboration with the Gundjeihmi Aboriginal Corporation, the Northern Land Council, the Supervising Scientist Branch, Commonwealth and Northern Territory regulators and various statutory committees. Thank you to everyone who has contributed to the progressive rehabilitation of Ranger. I particularly thank the Mirarr Traditional Owners for their guidance and support through development of the cultural closure criteria and during site visits as part of the Cultural Reconnection program. We are looking forward to working with the Mirarr to better understand the cultural landscape as part of our rehabilitation activities.

The 2020 update to the Ranger Mine Closure Plan was approved by the Commonwealth and Northern Territory Governments in September 2021. The annual update to the Plan sets out the roadmap for the work required to complete the rehabilitation of the Ranger Project Area. The Plan is publicly available on our website. Normally the Company would issue an annual update to the Mine Closure Plan each year, however with the support of

CHIEF EXECUTIVE'S REPORT

regulators and key stakeholders, the 2021 update has been delayed until certain outcomes of the reforecast process can be incorporated into the Plan.

On 8 October 2021 ERA announced it would undertake a reforecast of costs and schedule for rehabilitation of the Ranger Project Area. While aspects of this work continue, on 2 February 2022 ERA announced its preliminary findings that the cost of the rehabilitation of Ranger, in accordance with the current Mine Closure Plan, would be between $1.6 billion and $2.2 billion.

This represents a significant increase from the previous cost estimate based on the Ranger Feasibility Study. This is of course very disappointing. The adjustments to the cost estimate include additional water treatment and land forming costs, overruns in the conversion of the Tailings Storage Facility to a Water Storage Facility and costs associated with a revision to the Pit 3 capping methodology. All of these revisions are necessary to ensure the full rehabilitation of the Ranger Project Area in line with our obligations.

Although Ranger rehabilitation is now our primary focus, ERA continues to supply uranium oxide into the global market. With the cessation of processing on 8 January 2021, ERA produced 34 tonnes for the year ended 31 December 2021. The Company continued to sell into the spot market and completed contracted sales from inventories of drummed uranium oxide. The 2021 sales volume totalled 1,302 tonnes compared with 1,721 tonnes in 2020. Revenue from the sale of uranium oxide was $190 million in 2021 compared to $242 million in 2022. ERA continues to maximise the value from remaining uranium holdings through opportunistic spot sales.

At 31 December 2021 ERA held total cash resources of $699 million with no debt. However a revision of the rehabilitation provision cost estimate resulted in an unfavorable adjustment of $668 million. The rehabilitation reforecast process is continuing with finalisation expected in 2022. The Company is exploring all options to fund the future rehabilitation cost estimate.

A further preliminary finding of the reforecast process is that ERA expects Ranger rehabilitation activities will now continue until at least late 2027, past the current section 41 Authority deadline of January 2026. The need to extend ERA's access to the Ranger Project Area beyond 2026 had already been anticipated by ERA, Mirarr Traditional Owner representatives and regulators who have collaborated on the required amendments to the Atomic Energy Act 1953 which would enable the Federal Minister for Resources to issue a further section 41 Authority. In January 2022 the Gundjeihmi Aboriginal Corporation, Northern Land Council and ERA jointly wrote to the Commonwealth Government expressing support for the amendment to the Act and urging passage of the amendment bill at the earliest opportunity.

I would like to congratulate the Mirarr Traditional Owners on the successful transition of Jabiru to an Aboriginal township lease under Section 19A of the Aboriginal Land Rights (Northern Territory) Act 1976 in June 2021. With the formal recognition of Mirarr rights under the Native Title Act in 2018 and the execution of the Section 19A lease last year, Mirarr land ownership over Jabiru is rightfully, finally and fully established. The four decades long arrangement under which ERA leased properties in Jabiru under a head lease from the Commonwealth's Director of National Parks expired in June 2021. This meant the required termination of ERA's residential and commercial sub-leases in Jabiru, however ERA continues to be a major tenant in the town under an interim agreement with the Gundjeihmi Aboriginal Corporation Jabiru Town.

I look forward to ERA playing a role in helping to create a sustainable future for Jabiru. ERA's immediate focus is on progressing the rectification and handover of ERA held housing in Jabiru. While the houses are now in the process of being rectified and handed over in a condition suitable for the longer term, we acknowledge that the timing and process leading up to this did not meet stakeholder expectations. We have been working hard on these relationships and to play our part in the future sustainability of the Jabiru township.

In my first four months with ERA as Chief Executive I have observed the commitment and determination of the ERA team to deliver the environmental outcomes that the Mirarr Traditional Owners and the broader community expect. The ERA team has deep knowledge and experience in rehabilitation, and has already achieved some real successes. However we also acknowledge there are areas for improvement. I am excited to be given the opportunity to lead ERA in 2022 as we continue on this journey.

Finally I would like to thank everyone who supported ERA in 2021. I look forward to working together as we rise to the challenges ahead in 2022.

Brad Welsh
Chief Executive

COMPANY OVERVIEW

ERA acknowledges the Mirarr people, the Traditional Owners of the land on which ERA operates.

ERA operates the Ranger uranium mine. Ranger's operational infrastructure lies within the 79 square kilometre Ranger Project Area, which is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in the Northern Territory of Australia. ERA's operations on the Ranger Project Area, including ongoing rehabilitation activities, are undertaken pursuant to an authorisation granted under section 41 of the *Atomic Energy Act 1953* (Cth) (the **Ranger Authority**). Ranger was Australia's longest continually producing uranium mine. ERA, in accordance with IAEA and Australian Government standards has provided international customers with reliable supply of uranium oxide ($\mathbf{U_3O_8}$) in the 40 years since production at Ranger began. During that time, Ranger produced in excess of 132,000 tonnes of uranium.

ERA also holds title to the world-class Jabiluka Mineral Lease. In accordance with the Jabiluka Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners.

The Ranger Project Area and the Jabiluka Mineral Lease are located on Aboriginal land and are surrounded by, but separate from, the World Heritage-listed Kakadu National Park.

Mining operations at Ranger ceased in 2012. ERA continued to process stockpiled ore until 8 January 2021, when the Ranger Authority required processing to cease. The Ranger Project Area is now being progressively rehabilitated. Under the Ranger Authority ERA must rehabilitate the Ranger Project Area to establish an environment similar to the adjacent areas of the Kakadu National Park such that, in the opinion of the Minister with the advice of the Commonwealth Supervising Scientist, the rehabilitated area could be incorporated into the Kakadu National Park. Under the terms of the current Ranger Authority, ERA's rights to access, occupy and use the Ranger Project Area continue until 8 January 2026.

ERA is a party to a suite of agreements which govern its activities on the Ranger Project Area with the Gundjeihmi Aboriginal Corporation, on behalf of the Mirarr Traditional Owners, the Northern Land Council and the Commonwealth Government.

ERA has an ongoing sales and marketing agreement with Rio Tinto Uranium, pursuant to which ERA's product is sold to international power utilities under strict international and Australian Government safeguards, which ensure that Australian uranium is only used for peaceful purposes.

In 2015, ERA decided not to progress the Ranger 3 Deeps project to feasibility study. The exploration decline was backfilled during 2021, following the conclusion of processing on the Ranger Project Area, as required by the Ranger Authority. ERA is of the view that the prospect of any development is remote, considering the economic, legislative and operational challenges that exist. Consequently, ERA has not reported mineral resources for the project at 31 December 2021.

The Company's shares are publicly held and traded on the Australian Securities Exchange. Rio Tinto, a diversified resources group, currently holds 86.3 percent of ERA shares.

FINANCIAL PERFORMANCE

ERA incurred negative cash flow from operating activities of $38 million in 2021 compared to negative $19 million in 2020. Cash rehabilitation spend for the year end 31 December 2021 was $153 million[1] compared to $80 million[1] in 2020.

ERA held total cash resources of $699 million at 31 December 2021, comprised of $164 million in cash at bank and $535 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt.

ERA recorded a net profit before tax and rehabilitation adjustment of $21 million. The net loss after tax was $650 million for 2021 compared to a net profit after tax of $11 million for 2020. The 2021 net loss was adversely impacted by an increase to the rehabilitation provision. Favourable impacts were seen from significantly lower operating costs as a result of cessation of operations in January 2021 and strong sales revenue, with the completion of all contracted sales and a substantial sell down of remaining uranium inventories. As at 31 December 2021, a revision of the rehabilitation provision cost estimate occurred resulting in an unfavourable adjustment of $668 million.

In response to the ongoing COVID-19 pandemic, ERA continues to maintain controls and protocols in accordance with the Company's COVID-19 Management Plan to protect our employees and local communities as our first priority and ensure full compliance with Government requirements.

REVENUE

Revenue from the sale of uranium oxide was $190 million (2020: $242 million). Revenue was heavily exposed to the spot market, with higher spot prices providing a favourable impact. ERA continues to maximise the value from its uranium holdings through opportunistic spot sales.

Sales volume for 2021 was 1,302 tonnes compared with 1,721 tonnes for 2020. In 2021, ERA completed sales of 680 tonnes of uranium oxide into the spot market and completed contract sales of 622 tonnes. The balance of inventories will likely be sold into the spot market in 2022.

The average realised sales price for 2021 was US$47.17 per pound compared to US$42.60 per pound in 2020. The average realised price was favourably impacted by increased sales into a stronger second half spot market.

With uranium oxide sales denominated in US dollars, the strengthening of the Australian dollar had an adverse impact on ERA's financial results. The average exchange rate, inclusive of foreign exchange hedges, was 71 US cents, compared with 67 US cents for 2020.

In 2020, ERA sought to maximise exposure to the favourable movement in the Australian dollar whereby ERA entered into a number of forward foreign exchange contracts for USD denominated sales. These forward exchange contracts completed in early 2021 at an average exchange rate of 65 cents, resulting in a benefit of $9.6 million.

Interest income for 2021 was $1.9 million, compared to $5.6 million for 2020. The weighted average interest rate received on term deposit for the period was 0.3 per cent (2020: 0.8%).

OPERATING COSTS

Cash costs for 2021 were substantially lower than the corresponding period in 2020. This was mainly driven by the cessation of processing operations in January 2021 and move to full scale rehabilitation. Operating costs are now those of a corporate or sales nature.

Following a sharp decline in the crude oil price in 2020, with a corresponding decrease in gasoil (or diesel), ERA entered into gasoil swap contracts to lock in prices considered to be favourable. At 31 December 2021, ERA retained $7.3 million in swap contracts for the 89,594 barrels remaining outstanding.

Note 1: Excludes $1 million (2020: $2 Million) in utilisation of lease costs.

FINANCIAL PERFORMANCE

REHABILITATION

At 31 December 2021, the ERA rehabilitation provision is $1,251 million[1].

During the second half of 2021 ERA commenced a major reforecast of both cost and schedule in relation to the calculation of the rehabilitation provision and timing for completion for the Ranger Project Area. 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 million[2]; 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;

(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.

Studies have commenced on an alternate methodology for the capping of Pit 3 utilising methods that indicate a lower technical risk than ERA's current approved Mine Closure Plan. Those studies are expected to take approximately 12 months and will enable further refinement of the Ranger rehabilitation execution scope, strategy, cost and schedule. The study will ensure that cost and schedule is wholistically optimised to reflect the new execution plan and enable further support in finalising a future funding solution. ERA is currently undertaking rehabilitation activities such as the wicking of Pit 3, whilst the study work is being conducted.

In addition, work has commenced on an assessment of options to enhance ERA's project execution capability to ensure that it is appropriately matched to the revised scope and complexity of the remaining Ranger rehabilitation program.

Note 1: 31 December 2021 provision discounted at 1.5% per cent and presented in real terms ($1,314 million undiscounted in real terms). This equates to an estimated $1,379 million in undiscounted nominal terms.

Note 2: 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).

OPERATIONS AND REHABILITATION

Under the Ranger Authority, ERA was required to cease mining and processing activities in the Ranger Project Area by 8 January 2021.

Accordingly, processing operations at Ranger Mine ceased on 8 January 2021 with the final drum of uranium oxide being produced that day. As such only 34 tonnes of uranium oxide were produced by ERA in 2021.

In 2021, ERA continued the independent oversight program of process safety management at Ranger. The Noetic Group conducted one oversight visit to Ranger Mine to review ERA's "Process Safety Management in Transition to Closure" plan. Improvement opportunities were identified and implemented progressively across the year.

RANGER MINE CLOSURE PLAN

The Ranger Mine Closure Plan (the Plan) details the works program and schedule to achieve the closure objectives set out in the legal framework and the associated Environmental Requirements.

The inaugural public release of the Plan in June 2018 was a milestone for ERA and followed a rigorous 18 month stakeholder consultation process, including discussions with the Gundjeihmi Aboriginal Corporation and the Northern Land Council; as representatives of the Mirarr Traditional Owners and Northern Territory and Commonwealth Government agencies. ERA released a further update to the Plan in October 2020 that was approved by the Minister in 2021.

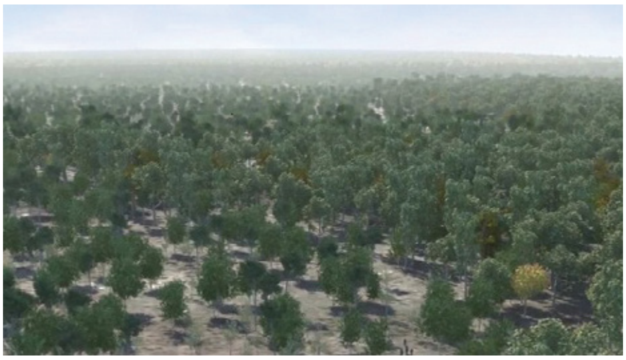
In July 2021 ERA announced that it was undertaking a reforecast of the Ranger rehabilitation cost and schedule and as of December 2021 this had not been finalised. With this reforecast still pending completion, submission of the 2021 MCP was deferred with the agreement of regulators and key stakeholders. The next update of the Plan will be completed in 2022, in close consultation with Governments and key stakeholders.

In line with ERA's statutory obligations the primary objective is to rehabilitate the Ranger Project Area to form one final landform across the site, which will blend in with the surrounding landscape. ERA plans to establish a fully functioning landform and ecosystem that is similar to the surrounding Kakadu National Park.

Under the Ranger Authority ERA must rehabilitate the Ranger Project Area to establish an environment similar to the adjacent areas of the Kakadu National Park such that, in the opinion of the Minister with the advice of the Commonwealth Supervising Scientist, the rehabilitated area could be incorporated into the Kakadu National Park.

The area of disturbance around the mine footprint measures approximately 950 hectares, where most of the rehabilitation work will occur. ERA's closure plan includes both progressive rehabilitation and water treatment activities. Both are based on extensive research, studies and consultation with stakeholders, with the key tasks including:

- Treatment of all pond and process water inventories;
- Transfer of tailings from the Tailings Storage Facility to the exhausted Pit 3;
- Pit 3 remediation, including installation of wicks to accelerate water expression from tailings, capping activities followed by bulk backfill;
- Remediation of the Tailings Storage Facility and contaminated sites;
- Removal and re-shaping of the stockpiles and disturbed areas of the Ranger Project Area to establish a final landform; and
- Revegetation of the final landform using locally sourced native seeds.



Animation of the rehabilitation program available on ERA's website: *https://www.energyres.com.au/sustainability/closureplan/*

The animation of the rehabilitation program provides a visual overview of the Plan, breaking down the rehabilitation process into readily understood concepts and a timeline for the works to be carried out. Due to the support of the Gundjeihmi Aboriginal Corporation, the animation also includes a narration in the local Kunwinjku language.

OPERATIONS AND REHABILITATION

PROCESS PLANT DECOMMISSIONING/ DEMOLITION

Following the cessation of operations on 8 January 2021 work commenced on the decommissioning and make-safe of the processing plant infrastructure. This included the clean out of processing plant vessels, isolation of services and air gapping, in preparation for demolition. This work was completed in July 2021 with the final demolition of the processing plant being scheduled to coincide with Pit 3 bulk backfill; the location of its final disposal.

TAILINGS TRANSFER

Transfer of tailings from the Tailings Storage Facility to Pit 3 continued throughout 2021. Bulk dredging was completed in February 2021, following which the remnant tailings were allowed to dry in preparation for transfer via truck.

Following the construction of a suitable tip head on Pit 3, transfer of the remnant tailings commenced in June 2021 and was completed in December 2021. The Tailings Storage Facility has now been converted into a water storage facility to hold the site process water inventory, pending treatment in the Brine Concentrator.

A visual update of the completion of the tailings transfer is available on ERA's website: https://www.energyres.com.au/media/stories/completion-of-bulk-dredging/

BRINE CONCENTRATOR

The Brine Concentrator processes water to produce purified water and brine (a concentrated waste stream). The purified water is discharged to the off-site environment during the wet season, via constructed wetlands. The brine is either circulated back to the process water inventory, or permanently disposed of safely in the underfill layer (deep down in Pit 3).

In early 2021 a major upgrade of the Brine Concentrator was completed. Peak purified water production rates following the upgrade met expectations. However, sustained plant production was subsequently impacted by a number of unplanned shutdowns due to scaling issues and interruptions to plant power supply. In 2021, the Brine Concentrator produced 2,019ML of purified water.

Initiatives undertaken in 2021 to address the number of unplanned plant shutdowns and improve plant performance included the change-out of the Brine Concentrator's diesel alternators, the installation of a waste heat recovery boiler and review of plant performance by a third party.

REHABILITATION OF PIT 1

Bulk material movement to backfill Pit 1 was completed in 2020, with 17 million tonnes of backfill placed over the 750 metre wide Pit 1. Shaping of the final landform was then completed in preparation for revegetation activities which commenced in 2021.

The 39.3 hectare site stores mill tailings in Pit 1 as required by the Ranger Authority. Approximately 7,700 dewatering wicks were installed in 2012, along with a geotextile fabric layer and a preload rock layer to compress the tailings mass. The preload rock layer was capped with an impervious layer of laterite in 2016 to prevent surface water infiltration.

Backfilling of Pit 1 was completed in August 2020; two weeks ahead of schedule and under budget. A video detailing the completion is available on ERA's website: https://www.energyres.com.au/media/stories/ranger-minesite-pit-1-rehabilitation-and-completionof-bulk-backfilling/

Revegetation of the Pit 1 final landform surface commenced in early 2021 and was completed in January 2022. Revegetation activities include seed collection, nursery propagation, installation of irrigation infrastructure and manual tube stock planting.

REHABILITATION OF PIT 3

Prior to tailings being deposited into the mined out Pit 3, works were completed to prepare the pit to receive tailings and brine from the Brine Concentrator. The underfill, consisting of waste rock, was constructed at the base of the mined out Pit 3 to raise the floor from -265 mRL to -100 mRL2 (including the drainage layer) providing a broad, level surface area for tailings deposition. The intent of this underfill was, in part, to generate a low rate of tailings rise and to optimise consolidation rates, allowing for minimal backfill consolidation over time.

Backfill activities for the construction of the underfill layer were completed in 2014 and transfer of tailings from both the Mill and Tailings Storage Facility commenced in 2015. Mill tailings transfer concluded with the end of processing operations on 8 January 2021, and tailings transfer from the Tailings Storage Facility was completed in December 2021.

OPERATIONS AND REHABILITATION

Throughout 2021 planning for Pit 3 capping works were progressed. This included the testing of tailings properties through cone penetration testing, sampling and analysis, design of the wicking and capping activities and commercial processes to engage contractors to progress the works commencing in 2022.

In similar fashion to Pit 1, wicks will be installed into the tailings mass within Pit 3 and then covered with a geotextile fabric membrane, prior to initial preload. The current plan is for bulk backfilling to commence in 2023, followed by final landform contouring and revegetation.

REVEGETATION

ERA's approach to revegetation is informed by its long running trial landform research, which began in 2009 to provide for testing of landform design and revegetation strategies. The trial landform used locally sourced native plant species, planted out as seed and tube stock into the type of waste rock to be used in the final landform process.

Of the 40 tree and shrub species that were introduced on the Ranger trial landform in 2009, and are still present today, 37 have flowered and fruited at least once in the last two years. Almost three-quarters of the 40 species have self-recruited, either via seed and/or vegetative reproduction (suckering). The three species that have not flowered are *Gardenia megasperma, Owenia vernicosa* and *Pandanus spiralis*; all of which were direct seeded, slow growing and are generally still too small to flower and fruit.

A Leichardt Grasshopper sitting on vegetation planted in 2021 on Pit 1.

During 2021 ERA worked with the Supervising Scientist and the Northern Land Council to jointly develop and agree on the plant species that would be considered to be similar to surrounds and form the basis for the final landform revegetation plan. This has updated the previous trial landform species and now forms the basis of the seed collection program. The most recent planting on Pit 1 final landform has used this species list.

ERA's long-term local Indigenous business partner, Kakadu Native Plants Pty Ltd continued to collect local native plant seeds and to raise tube stock seedlings suitable for planting into the final landform throughout 2021. They were also engaged to complete all the planting on Pit 1.

SUPERVISING SCIENTIST BRANCH

As provided for under a Deed of Agreement between the Company and the Commonwealth, the Company has reached an agreement with the Supervising Scientist Branch for the ongoing funding of research into the environmental effects of uranium mining in the Alligator Rivers region.

BUSINESS STRATEGY

ERA's purpose is to provide clean energy to the world and care for people and country.

The strategic priority for ERA is the successful rehabilitation of the Ranger Project Area, with the aim that the rehabilitated environment will be similar to, and could be incorporated into, the surrounding Kakadu National Park. ERA believes this will demonstrate ERA's ongoing commitment to long-term sustainable operations in the region, creating a positive legacy that will underpin potential future growth opportunities.

During the second half of 2021 ERA announced and commenced a major reforecast of both cost and schedule in relation to the calculation of the rehabilitation provision and timing for completion for the Ranger Project Area. To assist with that reforecast, Bechtel was engaged to perform an independent review and gap analysis of ERA's forecast cost and schedule data.

This process has identified that existing cash resources and expected future cash resources will be inadequate to fully fund rehabilitation.

Consequently ERA's near-term strategic priorities are:

- Secure a suitable funding option to meet future rehabilitation obligations;
- Complete rehabilitation of the Ranger Project Area;
- Maximise the generation of cash flow from the remaining inventories of drummed uranium oxide; and
- Preserve optionality over the Company's undeveloped resources.

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.

In addition to Ranger, ERA holds title to the Jabiluka Mineral Lease; a large, high quality uranium ore body of global significance. The carrying value of the Jabiluka Undeveloped Property was recorded at approximately $90 million as at 31 December 2021.

In accordance with the Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners.

BUSINESS RISKS

A number of risks and uncertainties, which are both specific to ERA and of a more general nature, may affect the future operating and financial performance of ERA and the value of ERA shares. This section describes some, but not all, of the material ERA business risks and uncertainties. The risks and uncertainties described below are not the only ones facing ERA. Additional risks and uncertainties that ERA is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect ERA's business and its financial position and performance.

REHABILITATION

In accordance with applicable Commonwealth and Northern Territory Government statutory requirements, ERA ceased mining and processing activities at the Ranger Project Area on 8 January 2021 and is progressing rehabilitation of the site.

Calculating the rehabilitation provision for the Ranger Project Area requires significant estimation and judgement by ERA. Assumptions are made in respect of methods of rehabilitation, costs and timing, as well as the potential for changes in legal requirements, technological changes, environmental conditions, weather events and market conditions. The most significant components of the provision relate to material movement, water treatment, Pit 3 backfill, demolition and revegetation. Any significant change to the components and schedule of activities to implement closure and rehabilitation may adversely affect the cost, timing and completion of the rehabilitation in accordance with applicable Commonwealth and Northern Territory statutory requirements.

Ultimately, the cost of rehabilitation of the Ranger Project Area is uncertain and may be materially more or less than the current rehabilitation estimate. While ERA has used its best estimate, rehabilitation costs may increase in response to factors beyond ERA's control, including amended legal requirements, technological changes, environment conditions, weather events, market conditions and border restrictions due to COVID-19.

As a result of the increase in rehabilitation provision, ERA has commenced an assessment of potential funding options. An inability to obtain sufficient funding would have a material impact on ERA's business, financial performance and assessment as a going concern. Rio Tinto has reiterated its commitment to ensuring the rehabilitation of the Ranger Project Area is successfully achieved to a standard that will establish an environment similar to the adjacent Kakadu National Park. ERA has commenced discussions with major shareholders about a funding solution.

WATER TREATMENT AND MANAGEMENT

Management of water on the Ranger Project Area is critical to the rehabilitation activities. ERA has implemented a number of procedures and initiatives in respect to water management, including the recent project to upgrade the capacity of the Brine Concentrator which was commissioned in February 2021. To the extent that these initiatives cost more than expected or ERA is required to implement further initiatives (such as the installation of additional water treatment infrastructure), the rehabilitation provision may increase further.

The Ranger Project Area is subject to the extreme contrast of weather conditions that exist in the Northern Territory. The extent of each wet season can have a significant impact on ERA's rehabilitation activities. Wet seasons that exceed long term averages will have a material adverse effect on ERA's ability to implement water management and on its ability to meet its other rehabilitation initiatives and, accordingly, affect ERA's financial position and performance.

RANGER REHABILITATION TRUST FUND

Each year, ERA is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the Annual Plan is then independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees.

ERA's ability to continue to access these financial guarantees can be influenced by many factors, including future cash balance, cash flows and shareholder support. Issuers of the guarantees have certain, pay and walk, rights and the guarantees are subject to periodic reviews. Should the banks execute their, pay and walk, rights or ERA is unable to access bank guarantees, substantial additional cash would be required to indemnify the banks or be deposited into the Trust Fund. The balance of bank guarantees and cash held by the Commonwealth Government is currently \$660 million (\$125 million bank guarantees and \$535 million cash on deposit).

The mechanism for drawdown of security in the Trust Fund as rehabilitation work progresses is currently

BUSINESS RISKS

the subject of discussions between ERA and the Commonwealth Government. The mechanism and approach will require review and approval by the Commonwealth Government.

Should the relevant Minister seek to increase the Trust Fund balance before a suitable funding solution is established, a funding shortfall may result. The Trust Fund is disclosed as government security receivable in the Financial Statements.

TAILINGS CONSOLIDATION

Following the completion of the transfer of tailings to Pit 3, the final capping of Pit 3 will commence. During the capping process the tailings in Pit 3 will consolidate and express process water that will need to be collected and treated. The consolidation process will be aided by installing vertical wicks, with the forecast consolidation timeframes backed up by a detailed model based on in situ testing of site tailings. The consolidation model accuracy and predictions of rates of process water expression is impacted by many factors, including tailings density and other characteristics, deposition method and free process water volume in the pit during deposition.

ERA continues to monitor the rate of tailings consolidation in Pit 3 compared to the consolidation model assumed for the purposes of the rehabilitation Feasibility Study. While there is a greater proportion of process water being retained within the tailings than planned, detailed engineering continues to further refine the scope of work. The impact to the rehabilitation provision, if any, will be further evaluated as part of the assessment of alternate capping options for Pit 3.

PROCESS WATER SALT DISPOSAL

As a result of treating processed water a waste stream of contaminated salt is generated. The salt is ultimately to be stored below tailings in Pit 3 via injecting the brine through bore holes. This technology has previously been commissioned but the long-term performance is yet to be fully confirmed. Should the disposal of salt in this manner not prove viable, an alternate method of salt disposal would be required. This would require additional capital expenditure which has not been allowed for in the provision and may not be available to ERA.

ACCESS TO CAPITAL RISK

The future liquidity and capital requirements of the Company will depend on many factors. As noted above, following the increase in the rehabilitation provision, the Company requires an additional source of funding to fully meet the estimated costs of the rehabilitation of the Ranger Project Area and is continuing to review all funding options.

ERA has insufficient funds to fully fund rehabilitation. Any inability to obtain additional capital or to monetise assets would have a materially adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and its financial position and performance. If ERA does not have sufficient funding to support its continued operations and rehabilitation of the Ranger Project Area, ERA may be unable to meet its liabilities as and when they fall due and its ability to continue as a going concern may be impacted.

On 29 April 2016, the Company entered into a $100 million Loan Agreement with North Limited (a wholly-owned subsidiary of Rio Tinto) in support of ERA's rehabilitation obligations should additional funding ultimately be required. This agreement currently remains in place and is undrawn. Drawdown of the credit facility under the Loan Agreement is subject to ERA being able to demonstrate at the time of drawdown that it satisfies customary conditions precedent as mentioned in the "credit facility agreement" announcement released on 29 April 2016.

The Loan Agreement contains a review mechanism which is triggered if, before the first drawdown, the estimated rehabilitation cost increases by $12.5 million or more for reasons other than external factors or issues beyond ERA's reasonable control. The review mechanism ultimately provides Rio Tinto with a right to terminate the Loan Agreement if the parties cannot agree a satisfactory path forward following such an increase in the estimated rehabilitation cost. Following the recent announcement of the overrun of cost a "Review Event" may or may not have occurred under the current terms of the facility and therefore Rio Tinto may not be obliged to advance loans. If the Loan Agreement is terminated then it may have a material adverse effect on ERA's ability to meet its rehabilitation obligations as well as its business and financial position and performance.

BUSINESS RISKS

REGULATORS AND STAKEHOLDERS

The Mine Closure Plan is subject to ongoing review and refinement, with ERA required to review and submit an updated Plan for regulatory approval each year. In addition, regulatory approvals are required in order to carry out certain rehabilitation activities. If these regulatory approvals are not obtained or are obtained with unsatisfactory conditions, ERA's ability to complete the rehabilitation program in a timely and cost effective manner will be at risk.

The Plan builds on more than 20 years of scientific work undertaken on the progressive rehabilitation at Ranger and was developed by reference to the Western Australian Mine Closure Plan Guidelines (in the absence of relevant Northern Territory closure plan guidelines). It also includes proposed closure criteria for the Ranger mine which addresses the key themes of the final landform, radiation, water, flora and fauna, soils and cultural heritage.

ERA first released the Plan to the public in June 2018, following an intensive stakeholder engagement process with all key stakeholders which commenced on the provision of a draft Plan in December 2016. Key stakeholders who provided feedback on that draft and subsequent annual updates included the Gundjeihmi Aboriginal Corporation and Northern Land Council (as representatives of the Mirarr Traditional Owners) and Northern Territory and Commonwealth Government agencies.

In October 2020, the latest updated Plan was released and was approved by the Commonwealth and NT Governments in September 2021. The Plan will continue to be updated in close consultation with Traditional Owner representatives, regulators and key stakeholders and formally submitted to the relevant Northern Territory and Commonwealth Ministers for approval in compliance with the Northern Territory Authorisation. The 2021 update to the Plan was carried over into 2022 pending outcomes of the reforecast process currently underway.

With respect to Jabiru, ERA sub-leased properties have transitioned to Gundjeihmi Aboriginal Corporation Jabiru Town (GACJT). ERA has been granted a license to 30 June 2022 to access those previously sub-leased properties and is undertaking an extensive rectification program with a number of houses transitioned to third parties. The terms and any associated costs of any future license extension are not yet known and will be subject to the approval of GACJT.

GENERAL REGULATORY RISKS

Uranium mining in Australia is extensively regulated by Commonwealth and State or Territory Governments. The areas of uranium mining that are regulated include exploration, development, production, transport, export, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and native title. In particular, the approval processes for uranium mining are more onerous, and therefore more costly, than for the mining of other minerals.

The mining and export of uranium is currently permitted under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Commonwealth Government through its licensing process and Australian uranium can only be exported to countries that have signed the nuclear non-proliferation treaty. Government actions in Australia and other jurisdictions in which ERA has interests, including new or amended legislation, guidelines and regulations in relation to the environment, uranium or nuclear power sectors, competition policy, native title and cultural heritage could impact ERA's operations.

Operational and rehabilitation aspects that may be affected include, among other things, land access rights, the granting of licenses and other tenements and the approval of developments.

Future legislation and changes in the regulatory framework could cause additional expense, capital expenditures, restrictions and delays in the rehabilitation and potential development of ERA's assets; the extent of which cannot be predicted. Any such government action may require increased capital, rehabilitation or other expenditures and could prevent or delay certain activities by ERA, which could have a material adverse effect on ERA's business and its financial position and performance, as well as its ability to meet its rehabilitation obligations.

Uranium mining in the Northern Territory is regulated through a suite of Commonwealth and Northern Territory legislation. Certain agreements and approvals have also been reached with the Mirarr People who are the Traditional Owners of the land on which the Ranger Project Area and Jabiluka is situated.

BUSINESS RISKS

The Ranger Mine Closure Plan is subject to ongoing review and refinement, with ERA ordinarily required to review and submit an updated Plan for regulatory approval each year. In addition, regulatory approvals are required in order to carry out certain rehabilitation activities. If these regulatory approvals are not obtained in a timely manner or are obtained on unsatisfactory conditions, ERA's ability to complete the rehabilitation program in a timely and cost effective manner will be at risk and ERA's business and its financial position and performance may be materially adversely affected.

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.

UNDEVELOPED RESOURCES

The Company ceased processing stockpiled ore on 8 January 2021, as required under the Ranger Authority. The Company has significant undeveloped uranium deposits at Ranger 3 Deeps and Jabiluka.

Given the current Ranger Authority requirement for cessation of processing on 8 January 2021 and the uranium market environment, the Ranger 3 Deeps project faces material barriers to development.

Amendments to legislation to affect an extension of the Ranger Authority would be required to manage the gap between the cessation of processing at 8 January 2021 and the commencement of Ranger 3 Deeps production at a later point. This gap, together with an extensive care and maintenance program for the mill and a required pause on rehabilitation activities, would add fixed cost to the operation, further materially challenging the Ranger 3 Deeps Project's viability.

Consequently, in August 2021 ERA completed backfill works on the Ranger 3 Deeps decline.

At present, no work is being conducted on further development options for the Ranger 3 Deeps deposit.

While the deposit remains in the ground and therefore available for extraction should future economic and regulatory conditions support, amendments to legislation to effect an extension of the Ranger Authority would be required. The economics of the project at that stage would be required to support a standalone mill and tailings construction amongst other infrastructure.

The Jabiluka Mineral Lease is currently held subject to a Long Term Care and Maintenance Agreement with the Mirarr Traditional Owners. This agreement provides that the Jabiluka deposit will not be developed without the consent of the Traditional Owners. It is uncertain whether this consent will be forthcoming and, by extension, if the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

The Jabiluka mineral lease is due for renewal in 2024. This renewal has been considered in determining its carrying value in the financial statements.

Prospective developments may also require significant additional funding. If ERA elects to proceed with any prospective mining or exploration opportunities, there is no guarantee that it will be able to raise sufficient additional capital at a cost that is economically viable.

URANIUM MARKET DEMAND, PRICE AND FOREIGN EXCHANGE RISKS

ERA has completed all contracted sales and a substantial sell down of remaining uranium inventories. ERA will continue to maximise the value from its uranium holdings through opportunistic spot sales. Consequently, currency and global uranium market fluctuations may materially affect ERA's financial performance. Demand for, and pricing of, uranium oxide remains sensitive to external economic and political factors, all of which are beyond ERA's control; including worldwide uranium supply and demand, regional political developments in uranium producing and nuclear power generating countries and regions (including potential for trade sanctions), and the price and availability of competing power generating technologies. Accordingly, it is not possible to predict future uranium price movements with certainty. Global uranium and foreign exchange market fluctuations may materially effect ERA's financial performance.

BUSINESS RISKS

ENVIRONMENTAL RISK

A condition of the Ranger Authority is that ERA must rehabilitate the Ranger Project Area to establish an environment similar to the adjacent areas of Kakadu National Park such that, in the opinion of the Minister with the advice of the Supervising Scientist, the rehabilitated area could be incorporated into the Kakadu National Park.

While substantially complete and agreed, certain closure criteria relating to environmental matters for Ranger are still to be finalised and agreed to by the stakeholders (including, in particular, the Ranger and Jabiluka Minesite Technical Committees). The ability for ERA to meet its Ranger closure and rehabilitation obligations requires careful management of various environmental conditions into the future, including preventing:

- Pond and process water being discharged to the environment;
- Impact of surface water on groundwater under the site and on the surrounding environment;
- Impact of salt accumulation in dry watercourses during the dry season;
- Weeds, feral animals and fire from the Kakadu National Park encroaching the Ranger Project Area; and
- Release, spillage and impact on the surrounding environment of hazardous materials such as radioactive material, diesel and acid.

If these environmental conditions are not satisfactorily managed, ERA's ability to complete the rehabilitation program in a timely and cost effective manner will be at risk and ERA's business and its financial position and performance may be materially impacted.

POST 2026 TENURE RISK

Under the *Atomic Energy Act 1953*, ERA's access to the Ranger Project Area ceases on 8 January 2026. During 2021 Traditional Owner representatives, the Commonwealth and ERA discussed steps required to enable ERA to access the Ranger Project Area after this date to complete outstanding rehabilitation activities and for monitoring purposes. This will require an amendment to the *Atomic Energy Act 1953* and then there will be a need to negotiate the terms of these future tenure arrangements.

FUTURE SUPPLY

EVALUATION AND EXPLORATION

There was no evaluation or exploration expenditure for 2021. ERA suspended the final stage of the surface exploration program on the Ranger Project Area in 2015 to preserve cash following the deferral of the Ranger 3 Deeps project.

RANGER 3 DEEPS RESERVES AND RESOURCES

Given the current Ranger Authority requirement for cessation of processing on 8 January 2021 and the uranium market environment, the Ranger 3 Deeps project faces material barriers to development. Due to ongoing constrained market conditions the project remains uneconomic. Consequently, in August 2021 ERA completed backfill works on the Ranger 3 Deeps decline.

At present, no work is being conducted on further development options for the Ranger 3 Deeps deposit.

In 2020, ERA ceased recognition of the Ranger 3 Deeps Mineral Resource.

RANGER RESERVES AND RESOURCES

Following the conclusion of processing activities on the Ranger Project Area, as required under the Ranger Authority, ERA has no remaining Ranger Reserves and Resources.

JABILUKA RESERVES AND RESOURCES

In 2005 ERA entered into a Long Term Care and Maintenance Agreement in relation to the Jabiluka Mineral Lease. Jabiluka is a large, high quality uranium ore body of global significance and remains one of ERA's key assets. Future mining developments at Jabiluka will not occur without the consent of the Mirarr Traditional Owners.

The Jabiluka estimated Mineral Resource is 137,100 tonnes of uranium oxide at a cut-off grade of 0.2% U_3O_8.

GOVERNANCE

ERA's Competent Person (as defined in the following pages) is an employee of ERA. The ERA Board oversees the governance of Resources and Reserves. This includes the annual review and approval of the publicly reported Ore Reserves and Mineral Resources Statement.

Internal approval of Ore Reserves and Mineral Resources for ERA is the responsibility of the Chief Executive and estimates are carried out by a Competent Person, as defined by the JORC Code 2012.

As part of its internal controls, ERA applies the standards of the Rio Tinto Ore Reserves Steering Committee (**ORSC**) in the generation and publication of Mineral Resources and Ore Reserves. The ORSC comprises senior representatives from technical, financial and business fields within the Rio Tinto Group and meets on a quarterly basis.

The ORSC's role includes setting the standards and qualifications for Competent Persons in accordance with the JORC Code 2012, which form the basis of Competent Person appointment by ERA. Rio Tinto's Resource and Reserve internal audit program is conducted by independent external consulting personnel in a program managed by Rio Tinto Group Audit and Assurance with the assistance of the ORSC.

Rio Tinto has continued the development of internal systems and controls to ensure compliance with the JORC Code 2012 in all external reporting, including the preparation of reported data by ERA's Competent Person.

Other improvements introduced by the ORSC include a web-based reporting and sign-off database, annual internal Competent Person reports and Competent Person development and training.

FUTURE SUPPLY

	AS AT 31 DECEMBER 2021 CUT-OFF GRADE 0.20% U_3O_8			AS AT 31 DECEMBER 2020 CUT-OFF GRADE 0.20% U_3O_8		
	ORE (MT)	% U_3O_8	T U_3O_8	ORE (MT)	% U_3O_8	T U_3O_8
JABILUKA MINERAL RESOURCES						
Measured	1.21	0.89	10,800	1.21	0.89	10,800
Indicated	13.88	0.52	72,200	13.88	0.52	72,200
Sub-total Measured and Indicated	15.09	0.55	82,900	15.09	0.55	82,900
Inferred Resources	10.00	0.54	54,000	10.00	0.54	54,000
Total Resources	**25.10**	**0.55**	**137,100**	**25.10**	**0.55**	**137,100**

Rounding difference may occur.

COMPETENT PERSONS

Jabiluka Ore Reserves and Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (**JORC Code 2012**).

The JORC Code 2012 envisages the use of reasonable investment assumptions, including the use of projected long term commodity prices, in calculating reserve estimates.

As required by the Australian Securities Exchange (**ASX**), the above table also contains details of other mineralisation that has a reasonable prospect of being economically extracted in the future, but which is not yet classified as Proven or Probable Reserves.

This material is defined as Mineral Resources under the JORC Code 2012. Estimates of such material are based largely on geological information, with only preliminary consideration of mining, economic and other factors.

While in the judgement of the Competent Person there are realistic expectations that all or part of the Mineral Resources will eventually become Proven or Probable Reserves there is no guarantee that this will occur, as the result depends on further technical and economic studies and prevailing economic conditions in the future.

The information in the table is sourced from the ERA 2021 Annual Statement of Reserves and Resources which was released to ASX on 28 February 2022 and can be found at: http://clients3.weblink.com.au/pdf/ERA/02492685.pdf

Neither the information that relates to Jabiluka Mineral Resources or Ore Reserves, nor the underlying resource models, have changed since the ERA 2021 Annual Statement of Reserves and Resources was disclosed to the ASX.

ERA is not aware of any new information or data beyond the updates already provided to the market that materially affects the Ore Reserves and Mineral Resources estimate.

All assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The information in this report that relates to Jabiluka Ore Reserves and Mineral Resources is based on information compiled by geologist Stephen Pevely, an employee of ERA.

Stephen Pevely is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the JORC Code 2012.

Stephen Pevely consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Summary data for year end 2020 are shown for comparison. Metric units are used throughout. The figures used to calculate reserves and resources are often more precise than the rounded numbers shown in the tables, hence small differences may result if the calculations are repeated using the tabulated figures.

SALES AND MARKETING

Meg Parry and Ping Lu during field studies on the rehabilitated Pit 1 at Ranger.

During 2021, ERA completed its final sales into existing long term contracts. This has increased exposure to the spot market, into which ERA has opportunistically sold down uranium holdings. ERA will likely sell remaining stocks into the spot market in 2022.

ERA sells uranium via a sales and marketing agreement with Rio Tinto Uranium. ERA is currently finalising an extension to the marketing agreement with Rio Tinto Uranium to facilitate sales of residual holdings under the existing terms and conditions.

Sales volume for 2021 was 1,302 tonnes compared with 1,721 tonnes for 2020. In 2021, ERA completed sales of 680 tonnes of uranium oxide into the spot market and completed contract sales of 622 tonnes.

The average realised sales price for 2021 was US$47.17 per pound compared to US$42.60 per pound in 2020. The average realised price was favourably impacted by increased sales into a stronger second half spot market.

The average realised price compares favourably against the average spot price for 2021 of US$35.25 per pound.

The uranium spot price strengthened significantly in the second half of 2021, with a closing December spot price of US$42.05 per pound; approximately 39% per cent higher than the closing December 2020 spot price.

ERA's customers and end users, located in the United States of America, Europe, Canada, China and South Korea, use ERA's product as fuel to generate low emissions power.

HEALTH AND SAFETY

At ERA, we care for people and their safety comes first. It is central to workplace culture and operational activities.

ERA's safety goals, accountabilities and systems are articulated in ERA's Health, Safety and Environment Management System, which is certified to Australian (AS4801) and international (ISO14001) standards and are subject to regular review.

A key performance measure at ERA is the All Injury Frequency Rate (AIFR). AIFR measures the frequency of all recordable injuries – lost time injuries, restricted work injuries and medical treatment cases – per 200,000 hours worked.

In 2021, ERA achieved an AIFR of 0.00 (2020: 0.53, 2019: 1.07, 2018: 0.56; 2017: 1.17).

During the year ERA experienced no recordable injuries.

The importance of safety leadership and safety awareness was highlighted throughout the year. These initiatives included the leadership success program, leadership in the field, peer support, mental wellness programs, PhysioAssist and several workshops on other health and safety issues.

COVID-19 SAFETY

ERA maintained COVID-19 controls in line with ERA's COVID-19 Management Plan in 2021 in response to the ongoing global pandemic. ERA was able to continue to safely complete closure rehabilitation activities throughout 2021 despite interstate border restrictions and state-based lock-downs.

MENTAL HEALTH & WELL BEING

ERA implemented a number of programs throughout 2021 with the objective of maximising the mental health and wellbeing of the ERA workforce. This included the provision of onsite access to an Employee Assistance Program for face to face counselling, plus facilitation of the ERA Peer Support Program.

In response to the COVID-19 pandemic, ERA launched a recruitment drive for new peer supporters to join the ERA Peer Support Program, as well as facilitating both leader and workforce mental health and wellbeing workshops delivered by an external mental health consultant.

ERA has processes in place to proactively guide appropriate workplace behaviours, as well as the myVoice program that provides an opportunity for employees to report occurrences of bullying or harassment. Each case is carefully investigated with the objective of ensuring that ERA continues to be a safe workplace where employees can deliver to their full potential.

SAFETY MATURITY MODEL

The Safety Maturity Model (SMM) is a global Rio Tinto initiative that drives behaviours and activity to deliver effective safety performance across the three pillars of the Safety Strategy – fatality elimination, reducing injuries and illnesses and catastrophic event prevention.

The model is based upon Leadership Engagement, creating an enabling environment in the areas of Risk Management, Learning and Improving and Work Planning and Execution.

HEALTH AND SAFETY

The SMM is in its third year of the program, which commenced implementation in 2019.

A number of SMM initiatives that were implemented at ERA included leadership training, targeted leadership in the field, Process Safety into Closure, Rio Tinto Behaviours program and ERA's Recognition Awards that celebrate contributions to ERA's priorities, including safety and health.

PROCESS SAFETY

ERA maintained a control-based approach to managing high consequence, low probability incidents via the ERA Process Safety Management program in 2021. Actions from the Process Safety Transition to Closure Plan were progressively implemented across 2021. An oversight visit was conducted by Noetic; ERA's independent Process Safety Consultant. Areas for improvement were identified and remediating actions put in place to continue adaptation of ERA's process safety program to be fit for purpose in a closure rehabilitation setting. A Rio Tinto Process Safety Audit was completed in 2021 to support the implementation of the Rio Tinto Process Safety Standard.

AUDITS

ERA's integrated Health, Safety and Environment Management System provides certification to both ISO 14001 (the international standard for environmental management systems) and AS4801 (the Australian standard for occupational health and safety management systems). In 2021, planned audits of the system were conducted by Bureau Veritas. Surveillance audit number one was conducted in February and a second surveillance audit was conducted in December 2021. Action plans were put in place to address findings ahead of an ISO HSE Management System recertification audit in 2022.

ERA underwent a Rio Tinto Process Safety audit in February 2021, a Noetic Process Safety Oversight visit in July 2021 and a Rio Tinto Safety Maturity Assessment in November 2021.

EMERGENCY RESPONSE

Building ERA's Emergency Response Team skills and capabilities continued to be a focus during 2021.

The team comprises of: 1 Emergency Services Supervisor, 6 Emergency Services Officers and 13 Emergency Response Team workforce volunteers, who are trained to respond immediately to incidents such as evacuation, fires or vehicle accidents. The Emergency Response Team also responds to offsite incidents, providing support in the event of regional events such as fire or motor vehicle accidents. Contract Emergency Services Officers are also engaged as required to ensure adequate emergency services coverage.

ERA has invested in specialist training for team members and has also been actively recruiting and training new members.

RADIATION MONITORING

ERA monitors radiation at Ranger in accordance with the Company's Radiation Policy and Radiation Management Plan.

The desired performance outcomes are described in ERA's Health, Safety and Environment Management System, which is certified to Australian (AS4801) and international (ISO14001) standards.

Monitoring results are compared to limits recommended by the International Commission on Radiological Protection (ICRP) for occupationally exposed persons as adopted by Australian legislation.

ERA employees and contractors whose occupational exposure to radiation may exceed 5 millisieverts (mSv) per year are declared 'designated' workers and their exposure is more stringently monitored.

To ensure the highest possible quality control on radiation doses, the results are reviewed internally by ERA and externally by the Company's regulators. ERA provides quarterly occupational radiation dose data for designated workers at Ranger mine to the Australian Government's Australian National Radiation Dose Register (ANRDR).

HEALTH AND SAFETY

The maximum and mean annual radiation doses received by designated workers and the maximum radiation doses received by non-designated workers during 2021 will be reported in the 2021 Annual Ranger Mine and Ranger 3 Deeps Radiation Protection and Atmospheric Monitoring Report.

Preliminary analysis of the available dose results for 2021 indicates that all occupational and public radiation doses remain well below the national and international dose limits. The resulting contribution from the Ranger Mine remains very low in comparison to both the public dose limit and the natural background radiation level.

The tables on this page provide a summary of maximum and mean annual radiation doses received by designated and non-designated workers for the first three quarters of 2020 and 2021.

Historically the theoretical contribution from the Ranger mine has been, on average, approximately 0.02 mSv (or two per cent) of the 1 mSv member of the public dose limit and less than one per cent of the natural background radiation level in Australia of between 2 and 3 mSv.

	DESIGNATED WORKERS (mSv)		NON DESIGNATED WORKERS (mSv)	
2020	Mean	Max	Mean	Max
Q1	0.31	0.91	0.12	0.32
Q2	0.32	0.95	0.11	0.36
Q3	0.35	0.96	0.16	0.30

	DESIGNATED WORKERS (mSv)		NON DESIGNATED WORKERS (mSv)	
2021	Mean	Max	Mean	Max
Q1	0.33	1.81	0.11	0.30
Q2	0.38	0.98	0.12	0.30
Q3	0.35	1.07	0.12	0.37

REGULATORY FRAMEWORK

Uranium mining activities in Australia are strictly regulated by the Commonwealth and State or Territory Governments.

The purpose of these regulations is to ensure uranium mining performance and compliance in a range of critical areas, including: health and safety, process safety, safe management of toxic and radioactive substances, waste disposal, transport safety, export controls, protection and rehabilitation of the environment, native title, exploration and development, taxes and royalties, labour standards and mine reclamation.

International agreements designed to prevent nuclear proliferation also govern the mining and export of uranium.

Exports are subject to strict safeguards and conditions to ensure that Australian uranium is only used for peaceful purposes.

REGULATION OF ERA'S OPERATIONS

Commonwealth and Northern Territory legislation provide the regulatory framework for ERA's uranium mining activities, including rehabilitation.

ERA's activities on the Ranger Project Area and Jabiluka Lease (MLN1) are closely supervised and monitored by key statutory bodies and stakeholder organisations including:

- Northern Territory Department of Industry, Tourism and Trade (**DITT**), the Commonwealth Department of Industry, Science, Energy and Resources (**DISER**), the Commonwealth Supervising Scientist Branch (**SSB**), the Gundjeihmi Aboriginal Corporation (**GAC**) and the Northern Land Council (**NLC**) representing the Mirarr;
- Alligator Rivers Region Advisory Committee (including non-government organisation representatives); and
- Alligator Rivers Region Technical Committee (including non-government organisation representatives).

The Ranger and Jabiluka Minesite Technical Committees - made up of ERA, DITT, SSB, GAC and NLC (with DISER as observers) – are the key forums for approvals on environmental matters relating to Ranger and Jabiluka.

The Alligator Rivers Region Advisory Committee (**ARRAC**) provides a formal forum for consultation on matters relating to the effects of uranium mining on the environment in the region.

Committee members include representatives of the Northern Territory Government, the Commonwealth Government, the Northern Land Council, Aboriginal associations, mining companies (including ERA), West Arnhem Regional Council, the Northern Territory Environment Centre and other members who may be appointed by the Commonwealth Minister for the Environment.

Further information on ARRAC can be obtained at: http://www.environment.gov.au/science/supervising-scientist/communication/committees/arrac

The Alligator Rivers Region Technical Committee (**ARRTC**) also oversees the nature and extent of research being undertaken to protect and restore the environment in the Alligator Rivers Region from any effects of uranium mining.

The 10 ARRTC members include independent scientists nominated by the Federation of Australian Scientists Branch and Technological Societies with the remaining representatives being drawn from the Commonwealth Supervising Scientist Branch, Northern Territory Government, Uranium Equities Ltd, Northern Land Council, Parks Australia and an environmental non-government organisation.

Further information on ARRTC can be contained at: https://www.awe.gov.au/science-research/supervising-scientist/communication/committees/arrtc

INTERNATIONAL AND AUSTRALIAN CERTIFICATION

ERA maintains international certification (ISO 14001) of its Health, Safety and Environment Management System, which includes the Company's Water Management System.

ERA also maintains Australian certification (AS4801) of its Health, Safety and Environment Management System including the Ranger Radiation Management System.

FINANCIAL REPORT

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DIRECTORS' REPORT

DIRECTORS

PETER MANSELL

INDEPENDENT NON-EXECUTIVE CHAIRMAN

BCom, LLB, H. Dip. Tax, FAICD

Mr Mansell was appointed as an independent Non-Executive Director and Chairman of the Board in October 2015.

Mr Mansell also serves as Chair of the Remuneration Committee and member of the Audit and Risk Committee.

Mr Mansell has extensive experience in the mining, corporate and energy sectors, both as an advisor and as an independent non-executive Chairman and Director of listed and unlisted companies.

Mr Mansell practised law for a number of years as a partner in corporate and resources law firms in each of South Africa and Australia. He retired from legal practice in 2004 and has since held directorships in a number of companies including BWP Management Ltd, Foodland Associated Ltd, OZ Minerals Ltd, W.A. Newspaper Holdings Ltd (Chairman), Electricity Networks Corporation (trading as Western Power) (Chairman) and Zinifex Ltd (Chairman).

Mr Mansell also chaired the Advisory Board of Pacific Aluminium Ltd in anticipation of its intended float in 2014.

External appointments: Non-executive Chairman of Ora Banda Mining Ltd, DRA Global Limited, the Cancer Research Trust and Foodbank of Western Australia.

BRAD WELSH

CHIEF EXECUTIVE AND MANAGING DIRECTOR

LLB, MMINENG

Mr Welsh was appointed as Acting Chief Executive of ERA in October 2021 and Chief Executive and Managing Director on 18 February 2022.

Mr Welsh is from the Muruwari tribe in north-western New South Wales, and grew up in the Aboriginal community of Redfern, Sydney. Prior to joining ERA, Mr Welsh was the Chief Advisor Closure Strategy Non-Managed Assets with Rio Tinto. Mr Welsh's previous roles include Chief Advisor Indigenous Affairs with Rio Tinto and Acting General Manager of the Weipa bauxite operation in Northern Queensland which made Mr Welsh the first Indigenous general manager operations in Rio Tinto's history.

PAUL DOWD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bsc (Eng), FAusIMM, MAICD

Mr Dowd was appointed as an independent Non-Executive Director of ERA in October 2015.

Mr Dowd is also Chair of the Sustainability Committee and Rehabilitation Committee, and a member of the Audit and Risk Committee and Remuneration Committee.

Mr Dowd is a mining engineer with more than 50 years' experience in the mining industry, primarily in the private sector, but also serving in the public sector as head of the Victorian Mines and Petroleum Departments.

Mr Dowd has previously held senior executive positions as Managing Director of Newmont Australia Ltd and Vice President Australia and New Zealand Operations for Newmont Mining Corporation and prior to that as Chief Operating Officer of Normandy Mining Ltd. Mr Dowd was previously Chairman of Adelaide Resources Ltd and a non-executive Director of Macarthur Coal Ltd and OZ Minerals Limited.

External appointments: Non-executive Director PNX Metals Limited; Advisory Board Member of South Australian Minerals and Petroleum Expert Group (SAMPEG) and University of Queensland – Sustainable Minerals Institute.

DIRECTORS' REPORT

DIRECTORS

SHANE CHARLES

INDEPENDENT NON-EXECUTIVE DIRECTOR

LLB

Mr Charles joined the ERA Board as an independent Non-Executive Director in October 2015.

Mr Charles is the Chair of ERA's Audit and Risk Committee, and sits on the Remuneration Committee, Sustainability Committee (from January 2016) and the Rehabilitation Committee.

Mr Charles is an experienced Non-Executive Director and has based most of his career from his home in Toowoomba in regional Queensland. He is passionate about the ability and capability of regional Australia and has been at the forefront of many advocacy efforts to ensure regional Australia is not forgotten.

Mr Charles current roles include amongst others, Chairman of Toowoomba and Surat Basin Enterprise Pty Ltd and its subsidiary entities, and President of the Royal Agricultural Society of Queensland. He is also the Managing Director of Sunland Legal, a digitally based legal services provider. He has a strong interest in corporate governance and to that end also sits on a regional committee for the Australia Institute of Company Directors.

Previous significant roles include periods of service as Chairman of Stanwell Corporation Limited, Deputy Chairman and Commissioner of the GasFields Commission of Queensland, Chairman of Sunrise Way Rehabilitation Limited, and as Chairman of the Endeavour Foundation.

JUSTIN CAREY

NON-EXECUTIVE DIRECTOR

BCom

Mr Carey was appointed as a Non-Executive Director in August 2019.

Mr Carey brings extensive financial, technical and corporate experience, with over 25 years' experience in a variety of commercial finance roles, with 20 of those years' experience within the mining industry. In that time, Mr Carey spent two and a half years as CFO for Oyu Tolgoi LLC based in Mongolia.

Since leaving Mongolia, Mr Carey has held various roles within the Rio Tinto corporate finance team, including as finance officer for the Group's corporate entities and leading the Group's planning and forecasting processes as the General Manager Financial Planning & Analysis.

Mr Carey has served on several Rio Tinto entity boards and brings extensive experience in corporate governance and control processes.

ROSEMARY FAGEN

NON-EXECUTIVE DIRECTOR

MSc (prelim) Biochemistry MBA (GMD) AGSM

Ms Fagen was appointed as a Non-Executive Director in February 2022. Ms Fagen is currently the Head of Operational Excellence, People; Office of the Chief Operating Officer of Rio Tinto. As part of the Chief Operating Officer's core team, Rosemary is driving transformational change to the business with the introduction of the Rio Tinto Safe Production System. She is providing the strategic approach to change management, ensuring the business is resourced, ready, empowered and engaged to bring together proven tools, rituals and leading practices into the one framework.

Ms Fagen holds post-graduate degrees in biochemistry and business administration. Ms Fagen has a wide variety of experience including overseeing Copper & Diamonds' human resources strategies, processes and functions as Vice President, People & Organisation. Prior to this, Ms Fagen was Vice President, Human Resources Rio Tinto's Energy group from 2010 to 2014. Before joining Rio Tinto, Ms Fagen held positions in the aviation sector including Executive Vice President, Human Resources for Qatar Airways and held senior human resources leadership positions with Qantas Group and AWA Limited.

DIRECTORS' REPORT

DIRECTORS

EXECUTIVE COMMITTEE

JAQUES VAN TONDER

NON-EXECUTIVE DIRECTOR

MBAProjMgt, MMaint&AssMgt, GAICD

Mr van Tonder joined the ERA Board as a Non-Executive Director in May 2020.

Mr van Tonder is a member of the Sustainability Committee and Rehabilitation Committee.

Mr van Tonder joined Rio Tinto more than 20 years ago and has held senior operational management roles at Palabora, Robe Valley, Cape Lambert Operations, Hope Downs 4 and Argyle. Mr van Tonder has been a senior leader in the Rio Tinto Group Technical functional team since 2017 and has been instrumental in leading the Asset Management global transformation programme as head of the Asset Management Centre of Excellence.

Mr van Tonder was appointed by the Oyu Tolgoi Board of Directors as the new Chief Development Officer for Oyu Tolgoi effective 1 December 2020.

RICHARD PREST

CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

BE Chemical, MBA, AAICD

Mr Prest was appointed as Chief Financial Officer in March 2021 and appointed as joint Company Secretary in December 2021. Mr Prest brings substantial financial leadership, business development and transformation skills to ERA. Mr Prest has spent more than 30 years in the resources sector and brings previous experience as a CFO, General Manager of Finance and Director for Rio Tinto including Gove Operations in the Northern Territory.
Mr Prest has a degree in Chemical Engineering and a Master of Business Administration.

FORREST EGERTON

GENERAL MANAGER CLOSURE

Mr Egerton was appointed General Manager Closure in January 2021.

Over the last 11 years, Mr Egerton has held various leadership roles with ERA, including Manager Operations and Manager Water Treatment & Tailings.

Prior to joining ERA, Mr Egerton was involved in Desalination, Water Treatment and Hospitality industries.

DIRECTORS' REPORT

EXECUTIVE COMMITTEE

ALAN TIETZEL

GENERAL MANAGER EXTERNAL RELATIONS

BA, Bcom, DipEd, MBA

Mr Tietzel was appointed as General Manager External Relations in July 2010.

Mr Tietzel has a background in Aboriginal land agreements, regional development, government relations, human resources and organisation development. Mr Tietzel joined Rio Tinto in 1990 and has worked in the diamonds, salt, bauxite and alumina sectors, and in a variety of corporate functions.

SHANNON COATES

JOINT COMPANY SECRETARY

LLB, BJuris, GAICD, ACIS

Ms Coates was appointed as joint Company Secretary in December 2021.

Ms Coates is a qualified lawyer, Chartered Secretary and graduate of the AICD's Company Directors course. She has more than 25 years' experience in corporate law and compliance, is Managing Director of Perth-based corporate advisory firm Evolution Corporate Services and is currently company secretary to a number of ASX listed companies, with a strong focus on resources.

DIRECTORS' REPORT

Directors

The persons who served as directors of ERA throughout 2021 and until the date of this Directors' Report are: Peter Mansell, Paul Dowd, Shane Charles, Justin Carey and Jacques van Tonder. In addition:

- Brad Welsh, having been initially appointed as Acting Chief Executive on 4 October 2021, was subsequently appointed as Chief Executive and Managing Director on 18 February 2022; and
- Rosemary Fagan was appointed as a Non-Executive Director on 1 February 2022.

Details of the qualifications, experience and special responsibilities of the current Directors of ERA are set out on pages 28 to 30 of this Report. Paul Arnold served as Chief Executive and Managing Director of ERA until his resignation on 4 October 2021. Marcia Hanrahan served as a Non-Executive Director of ERA until her resignation on 28 April 2021.

Meetings of Directors

The number of Directors and committee meetings held and the number of meetings attended by each of the Directors of the Company during the financial year are shown below:

DIRECTOR	DIRECTORS MEETINGS[4]	AUDIT AND RISK COMMITTEE[4]	REMUNERATION COMMITTEE[4]	SUSTAINABILITY COMMITTEE[4,5]	OTHER[4,6]
P Mansell	10/10	3/3	2/2	-	8/8
B Welsh[1]	3/3	-	-	-	-
P Arnold[2]	7/7	-	-	-	1/1
S Charles	10/10	3/3	2/2	3/3	8/8
P Dowd	10/10	3/3	2/2	3/3	7/8
J Carey	9/10	-	-	-	-
M Hanrahan[3]	2/2	-	-	-	-
J van Tonder	10/10	-	-	3/3	-

Note 1 Appointed as a Director 18 February 2022. Mr Welsh attended meetings in his role as Acting Chief Executive effective 4 October 2021.
Note 2 Resigned as a Director 4 October 2021.
Note 3 Resigned as a Director 28 April 2021.
Note 4 Number of meetings attended / maximum the Director would have attended.
Note 5 The name of the committee was changed from the HSE Committee to the Sustainability Committee during the reporting period.
Note 6 Other meetings include meetings of the committee formed for the purposes of the assessment of funding alternatives.

Mr Arnold was invited to meetings of the Audit and Risk Committee and the Sustainability Committee prior to his resignation as a Director and attended all such meetings held during that time.
Mr Welsh was invited to meetings of the Board, Audit and Risk Committee and the Sustainability Committee following his appointment as Acting Chief Executive and attended all such meetings held during that time.

Interests of Directors

The interests of each Director in the share capital of the Company and its related body corporates as at 4 March 2022 are shown below:

DIRECTORS	ENERGY RESOURCES OF AUSTRALIA LTD ORDINARY SHARES	RIO TINTO LIMITED ORDINARY SHARES	RIO TINTO LIMITED CONDITIONAL INTERESTS IN ORDINARY SHARES
P Mansell	-	-	-
B Welsh[1]	-	3,648	1,992
P Arnold[2]	-	1,772	13,567
S Charles	-	-	-
P Dowd	-	750	-
J Carey	-	5,587	2,155
M Hanrahan[3]	-	1,082	12,965
J van Tonder	-	-	2,427
R Fagen[4]	-	23,598	22,043

Note 1 Appointed as a Director 28 February 2022.
Note 2 Resigned as a Director 4 October 2021. Holding is at the time of resignation.
Note 3 Resigned as a Director 28 April 2021. Holding is at the time of resignation.
Note 4 Appointed as a Director 1 February 2022.

DIRECTORS' REPORT

Remuneration report

The Remuneration Report is set out under the following main headings:

A. Board oversight of remuneration
B. Principles used to determine non-executive Directors' remuneration
C. Principles used to determine executive remuneration
D. Details of remuneration
E. Executive service agreements
F. Share based compensation
G. Additional information

The information provided in the Remuneration Report has been audited by the Company's independent auditor as required by section 308(3C) of the *Corporations Act 2001*.

A Board oversight of remuneration

The Remuneration Committee has responsibility to review:

- Remuneration framework and policies (including key performance indicators) for the Company's Chief Executive and senior executives;
- Remuneration and performance of the Company's Chief Executive and senior executives;
- Remuneration of the Company's non-executive Directors; and
- Remuneration disclosures made by the Company.

The Remuneration Committee Charter is available at the Corporate Governance section of ERA's website.

B Principles used to determine non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the non-executive Directors. The Remuneration Committee reviews and makes recommendations to the Board regarding non-executive Directors' remuneration. These fees are comprised of a base fee and any fees payable to non-executive Directors for their membership on established committees of the Board. ERA does not pay retirement or post-employment benefits to non-executive Directors, however, statutory superannuation contributions are paid to non-executive Directors. In addition, from time to time, the Board may approve that non-executive Directors receive additional fees for services provided outside the established committee processes.

The following principles are applied in determining the remuneration of non-executive Directors:

- The responsibilities of, and time spent by, the non-executive Directors on the affairs of ERA, including preparation time;
- Acknowledgement of the personal risk borne as a Director;
- Comparison with professional market rates of remuneration to remain competitive with the market having regard to companies of similar size and complexity; and
- The desire to attract Directors of a high calibre with appropriate levels of expertise and experience.

At the 2008 Annual General Meeting, shareholders resolved to amend the Constitution of the Company to provide that the aggregate remuneration for non-executive Directors of ERA would be not more than $800,000 per annum. At the 2020 Annual General Meeting, the resolution to increase this limit to $950,000 was approved with 96.80 per cent of shares voting in favour (voting comprised 3,488,564,371 votes 'for' the resolution and 115,041,466 votes 'against' the resolution). At the 2021 Annual General Meeting, the 2020 Remuneration Report was also approved with 99.94 per cent of shares voted in favour (voting comprised 3,189,962,061 votes 'for' the resolution and 2,008,443 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 3,186,682,634 votes 'for' the resolution. The aggregate amount of non-executive Directors' remuneration paid in 2021 was approximately $803,000 inclusive of statutory superannuation.

The non-executive Directors' fees were last reviewed by the Board in January 2021. The annual fees for non-executive Directors for 2021 (excluding superannuation) were as follows:

	2021	2020
Chairman	$186,080	$183,330
Non-executive Director	$103,378	$101,850
Audit and Risk Committee Chair[1]	$24,811	$24,444
Audit and Risk Committee Member[1]	$13,708	$13,505
Sustainability Committee Chair[1]	$21,089	$20,777
Sustainability Committee Member[1]	$13,708	$13,505
Remuneration Committee Chair[1]	$21,089	$20,777
Other	-	-

Note 1 Fees are payable in addition to Chairman and non-executive Director fees.

The Board also confirmed that all non-executive Director and Committee fees should increase by a percentage equal to the average increase awarded to employees across the Company until the next detailed review is conducted.

DIRECTORS' REPORT

C Principles used to determine executive remuneration

The Remuneration Committee is responsible for the review of, and where appropriate will make recommendations to the Board in respect of, executive remuneration.

The *Corporations Act 2001* and relevant Accounting Standards require disclosures in respect of "key management personnel", being those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

The key management personnel are, in addition to the Directors, the permanent General Managers of the Company reporting directly to the Chief Executive. Throughout this Remuneration Report the key management personnel who are not Directors are collectively referred to as "senior executives".

As the Company is a member company of the Rio Tinto Group, it generally implements the remuneration policies and procedures determined by the Rio Tinto Remuneration Committee and applied to senior management personnel across the wider Rio Tinto Group to determine the remuneration of the Chief Executive and senior executives.

As a member of the Rio Tinto Group, ERA's Chief Executive and senior executives are seconded from Rio Tinto and are hence drawn from the talented pool of executives in the wider Rio Tinto Group. It is the view of the Remuneration Committee (which has been endorsed by the Board) that a company of ERA's size, scope and remote location would have significant difficulty in attracting executives of the calibre necessary to ensure superior performance or in retaining them for significant periods if this arrangement was not in place. Under these circumstances, the Board believes that the general application of the Rio Tinto remuneration framework to ERA's Chief Executive and senior executives, with appropriate review by the Company's Remuneration Committee, is of benefit to ERA.

For the purposes of assessing the appropriate level of remuneration, the Australian resources sector is considered the most relevant comparator group. Additional references are also made to other relevant supplementary comparator groups. Typically, base salaries are positioned at the median of these comparator groups, while incentive plans are designed with the potential to deliver total remuneration outcomes across the full market range according to business and individual performance. The related costs of these programs are recognised in the Company's financial statements.

Executive remuneration, including base salary and short and long term incentive plan awards, and other terms of employment are reviewed annually having regard to the evaluation of individual and business performance against goals set at the start of the year, global economic conditions and relevant comparative information. As well as base salary, remuneration packages may include fringe benefits such as medical insurance, car, rent and other allowances, superannuation, retirement entitlements and short and long term incentives.

The annual performance evaluation and management process for 2021 included formal consultation between the Chairman (based on the Remuneration Committee's review and recommendations) and the Rio Tinto Chief Executive Australia, regarding the Chief Executive of the Company, and between the Remuneration Committee and the Chief Executive of the Company regarding the senior executives.

An annual performance evaluation of the Chief Executive and senior executives was undertaken in 2021.

The executive pay and reward framework is designed to provide a total remuneration package which is competitive in the market, aligns total remuneration with delivered individual and short and long term business performance, strikes an appropriate balance between fixed and variable components, links variable components to the achievement of challenging individual and business performance targets, and ensures the attraction, motivation and retention of the high calibre senior executives required to lead the Company.

The executive pay and reward framework has four components:

- Base salary and benefits;
- Short term incentive plans;
- Long term incentive plans through participation in the Rio Tinto 2018 Equity Incentive Plan (**EIP**), share-based remuneration, including management share awards (**MSA**), performance share awards (**PSA**) and bonus deferral awards (**BDA**) where applicable.
- Other remuneration such as superannuation.

Performance and non-performance related remuneration

Total remuneration is a combination of the fixed, performance and service related elements described in this report. The short and long term incentives are the variable components of the total remuneration package and are therefore "at risk". They are tied to achievement of specific business measures, individual performance and service. Other components are referred to as "fixed" as they are not at risk.

The long term incentive plans are designed to provide a target expected value of between 22.5 and 45 per cent of base salary for the senior executives and the Chief Executive, delivered in any one year through a blend of PSAs, MSAs and BDAs. In 2021 PSAs, MSAs and BDAs were awarded.

Excluding post-employment and non-monetary benefits, the proportion of total direct remuneration, assuming maximum award levels and maximum levels of performance, provided by way of variable at risk components as at 31 December 2021 for the Chief Executive and senior executives was between 50 and 70 per cent. The actual proportion of total direct remuneration provided by way of variable performance related components will differ from these percentages depending on measured Company, Rio Tinto and individual performance and the current blend of share plans.

DIRECTORS' REPORT

Base salary

Base salary is set at a level consistent with market expectations within the wider Rio Tinto remuneration framework and may be delivered as a mix of cash and prescribed non-financial benefits. It is targeted broadly at the median of companies of similar size, global reach and complexity, including other large natural resource companies. Base salary is reviewed annually and adjusted taking into account the individual and Company performance, global economic conditions, role responsibilities, an assessment against comparator groups, internal relativities and base salary budgets applying to the broader employee population.

Short term incentive plan

The short term incentive plan provides a bonus opportunity and is designed to support the overall remuneration policy by focusing management personnel on calendar year performance against challenging individual and business targets.

Short term incentive performance conditions

Individual performance is reviewed against relevant targets and objectives annually. The Chief Executive and senior executives of the Company have between 40 and 60 per cent of their performance-based bonus based on business measures, with the remainder based on individual measures.

In 2021, bonus payments shown as remuneration relate to performance in 2021.

The Company's business performance measures for 2021 used in the determination of short term incentive plan payments were:

- Safety - All Injury Frequency Rate, and measures relating to the Safety Maturity Model;
- Financial - net earnings and free cash flow; and
- Business - tailings transfer, Brine Concentrator performance and rehabilitation earned value.

Incentive Plans

In 2018, Rio Tinto implemented a new discretionary employee share plan, for executive directors and employees. The EIP replaced Rio Tinto's Performance Share Plan (**PSP**) 2013, Management Share Plan (**MSP**) 2007 and Bonus Deferral Plan (**BDP**). This allowed Rio Tinto to continue operating its long-term incentive arrangements (including bonus deferred awards) through a single set of plan rules. As previously outlined, the Remuneration Committee believes that the general application of the Rio Tinto remuneration framework (including the EIP to ERA's Chief Executive and senior executives, with appropriate review by the Remuneration Committee) is of benefit to the Company. During 2021, the Remuneration Committee reviewed the position for future years.

Awards under the EIP can take the form of:

- Conditional Awards - under which the participant receives shares for free automatically to the extent the award vests (which may be subject to the achievement of performance conditions);
- Forfeitable Shares - under which the participant receives free shares on grant, which must be given back to the extent the award lapses;
- Other forms of awards are permitted under the EIP and may be used in the event the Rio Tinto Groups renumeration approach changes.

Inclusion of other award types is to provide for sufficient flexibility in the future should the Group's remuneration approach change during the life of the Plan. Awards may also be granted as cash awards.

An award may be granted on the basis that it will normally only vest to the extent that a performance condition, set by the Rio Tinto Remuneration Committee at the time of grant, is satisfied by Rio Tinto. However, awards representing deferred bonuses will not be subject to performance conditions. The vesting of awards granted to executive directors (other than bonus deferred awards) will always be subject to a performance condition, except as otherwise permitted by Rio Tinto's Remuneration Policy.

Conditional awards and options will be granted on the basis that the participant will receive dividend equivalents for the vesting period (in additional shares or cash) when, and to the extent that, the award vests or is exercised. The dividend equivalent will be calculated based on the aggregate value of dividends paid during the vesting period unless the Rio Tinto Remuneration Committee decides to use a different approach.

Awards will normally vest, to the extent that any performance condition is met, at the end of a period set when the award is granted or the end of the period over which any performance condition is tested. Shares will be issued or transferred to the participant on vesting. Vesting may be delayed where a participant is subject to any external investigation or similar circumstances.

If Rio Tinto was subject to a change of control, awards will vest subject to the extent to which any performance condition has been satisfied. Alternatively, participants may be allowed or required to exchange their awards for equivalent awards over shares in the acquiring company. If awards vest, the awards will be pro-rated unless the Rio Tinto Remuneration Committee decides otherwise. However, no pro rating will apply to deferred bonus awards or on performance share awards where the participant leaves more than three years after the grant.

DIRECTORS' REPORT

Awards

The current intention remains that awards will be made under the EIP in the form of Conditional Awards in line with the Rio Tinto Group's Remuneration Policy.

Performance Share Awards

Performance Share Awards (**PSA**), provide a conditional right to Rio Tinto shares to eligible senior management personnel within the Rio Tinto Group, including the Chief Executive and senior executives of ERA. Award levels under the EIP are at the discretion of Rio Tinto and the ERA Remuneration Committee.

The conditional awards only vest if the performance condition set by the Rio Tinto Remuneration Committee is satisfied by Rio Tinto, although the Rio Tinto Remuneration Committee retains discretion to satisfy itself that satisfaction of the performance condition is a genuine reflection of the underlying performance of the business. Prior to the vesting of conditional awards, Rio Tinto's Total Shareholder Return (**TSR**) performance against the performance condition is calculated independently by Deloitte.

Subject to Rio Tinto Remuneration Committee approval, awards vest based on the Rio Tinto Group's TSR performance against the MSCI World Index (one half) and the EMIX Global Mining Index (one half), relative to global mining comparators. This is reviewed at 31 December of the fifth year of the grant. The level of vesting depends on performance against the indices. Awards granted prior to 2018 also had an EBIT related performance condition (one-third).

Management Share Awards

Management Share Awards (**MSA**) are conditional grants of Rio Tinto shares to eligible employees of the company which will vest, wholly or partly, upon expiry of a three year vesting period. Award levels under the EIP are at the discretion of Rio Tinto.

Other Share Plans

All employees of the company may participate in Rio Tinto share purchase plans applicable at particular locations. Under the plan (known as and referred to later in this report as myShare), employees may acquire shares up to the value of US$5,250 (or local currency equivalent) per year, capped at 15 per cent of their base salary. Each share purchased will be matched by Rio Tinto and paid by ERA (currently at a ratio of one for one) providing the participant holds the shares and remains employed at the end of the three year vesting period. Further details are at Note 33 to the Financial Statements.

Share dealing policy

The participation of the Chief Executive and senior executives in the Rio Tinto share plans involving the awarding of Rio Tinto securities at a future date, and any grants of shares and options under these plans, is subject to and conditional upon compliance with the terms of the 'Rio Tinto Securities Dealing Policy' (**Dealing Rules**). The Dealing Rules for dealing expressly prohibit the limiting of exposure to economic risk in relation to such securities, and are available on the Rio Tinto website at *www.riotinto.com*.

DIRECTORS' REPORT

D Details of remuneration

Details of the remuneration of each non-executive and executive Director and each of the senior executives in respect of their services to the Company are set out in the following section.

Non-executive Directors of Energy Resources of Australia Ltd

		SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS	
		DIRECTORS FEES ($000)	CASH BONUS ($000)	NON- CASH BENEFITS ($000)	SUPER-ANNUATION ($000)	TOTAL ($000)
P Mansell	**2021**	221	-	-	22	243
	2020	218	-	-	21	239
S Charles	**2021**	142	-	-	14	156
	2020	140	-	-	13	153
P Dowd	**2021**	138	-	-	13	151
	2020	136	-	-	13	149
J Carey	**2021**	103	-	-	-	103
	2020	102	-	-	-	102
M Hanrahan[1]	**2021**	33	-	-	-	33
	2020	60	-	-	-	60
J van Tonder	**2021**	117	-	-	-	117
	2020	68	-	-	-	68
A Sutton [2]	**2020**	47	-	-	5	52
Total 2021		754	-	-	49	803
Total 2020		771	-	-	52	823

Note 1 Appointed as a Director 29 May 2020 and resigned as a Director 28 April 2021.
Note 2 Resigned as a Director 29 May 2020.

DIRECTORS' REPORT

Executive Director and senior executives

Set out below is an overview of the remuneration paid to the Executive Director and senior executives in 2021. This includes details of the key elements of remuneration and a summary of total remuneration for 2021.

Paul Arnold

(Chief Executive and Managing Director from 2 August 2017 and resigned 4 October 2021)

Base salary

Mr Arnold was appointed as Chief Executive and Managing Director on 2 August 2017 and resigned 4 October 2021. Mr Arnold's base salary was reviewed annually with reference to the underlying performance of ERA and the Rio Tinto Group, global economic conditions, role responsibility, individual performance, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader employee population.

On 1 March 2021, Mr Arnold's base salary was $400,412 (1 March 2020 $394,495).

STIP objectives

No STIP was paid to Mr Arnold by ERA in 2021 due to his resignation on 4 October 2021.

The following individual objectives were set for Mr Arnold for 2021:

- Safe and predictable completion of operations and transition to rehabilitation. With a particular emphasis on process safety, asset integrity, productivity, output, quality, costs and cash flow;
- Effective implementation of Ranger rehabilitation, including strategies for water management, other environmental controls and progressive rehabilitation and dredging operations, including stable and consistent operation of Brine Concentrator; and
- Effective leadership behaviours in interaction with employees, the Board and stakeholders including Traditional Owners, regulators, investors and the community.

STIP outcomes

Mr Arnold resigned from ERA on 4 October 2021 and as such had no STIP measured.

LTIP awards granted

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the MSAs and PSAs granted to Mr Arnold in 2021, based on the expected value calculations performed by independent advisors, was 46 per cent of base salary. The eventual amount that vests will depend on performance within the Rio Tinto Group during the period 2022 to 2025.

Total remuneration

The table below provides a summary of Mr Arnold's total remuneration disclosed for the years of 2020 and 2021. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Company's remuneration arrangements. The remuneration details set out below include accounting values relating to various parts of the remuneration packages, most notably deferred shares. Accordingly, the numbers below are not compatible with those in the table on page 43.

(STATED IN $'000)	2021	2020
Base salary paid[1]	316	393
STIP cash bonus[2]	-	202
STIP deferred shares[3]	-	67
LTIP share based payments	170	210
Superannuation	25	29
Other benefits[4]	98	140
Total remuneration	609	1,041
% change from previous year	-41%	4%
% of maximum STIP cash bonus awarded	-	68%
% of maximum STIP cash bonus forfeited	-	32%

Note 1 Salaries are reviewed with effect from 1 March. Mr Arnold resigned on 4 October 2021.
Note 2 Bonus payable / paid refers to current year performance.
Note 3 Value of deferred share awards granted under the EIP.
Note 4 Other benefits include accommodation, vehicle and other allowances and Company paid superannuation above statutory requirements that is taken as cash.

DIRECTORS' REPORT

Brad Welsh

(Acting Chief Executive from 4 October 2021, Chief Executive and Managing Director from 18 February 2022)

Base salary

Mr Welsh was appointed as Acting Chief Executive on 4 October 2021 and appointed Chief Executive and Managing Director on 18 February 2022. Mr Welsh is seconded from the Rio Tinto Group. His base salary was determined with reference to the Rio Tinto Group, global economic conditions, role responsibility, individual performance, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader employee population.

On 4 October 2021, Mr Welsh's base salary was $324,800, in addition a higher duties allowance of $64,960 per year was payable. Upon appointment on 18 February 2022, Mr Welsh's base salary was $390,000.

STIP objectives

No STIP objectives were set relevant to ERA in 2021.

STIP outcomes

Mr Welsh's 2021 STIP appraisal relates partly to performance whilst acting in the role of ERA Chief Executive and partly to performance whilst employed elsewhere within the Rio Tinto Group. Mr Welsh's total STIP was assessed at 122.7% out of 200%. The individual performance component representing 40% and business performance representing 60%, with an appraised score of 120.0% and 124.5% respectively. Mr Welsh's STIP payment has been apportioned to only include the time employed by ERA.

LTIP awards granted

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. No LTIP's were granted to Mr Welsh for service to ERA during 2021. LTIP payments represent theoretical values attributable to progressive vesting of existing LTIP's for the period Mr Welsh was employed by ERA in 2021.

Total remuneration

The table below provides a summary of Mr Welsh's total remuneration disclosed for ERA for 2021. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Company's remuneration arrangements.

(STATED IN $'000)	**2021**
Base salary paid[1]	81
STIP cash bonus	25
STIP deferred shares	-
LTIP share based payments	32
Superannuation	9
Other benefits[2]	23
Total remuneration	170
% change from previous year	-
% of maximum STIP cash bonus awarded	61%
% of maximum STIP cash bonus forfeited	39%

Note 1 Salaries are reviewed with effect from 1 March, with the next review due March 2023.
Note 2 Other benefits include accommodation, vehicle and other allowances and Company paid superannuation above statutory requirements that is taken as cash.

DIRECTORS' REPORT

Senior executives

Base salary

Base salaries are reviewed annually, with reference to the underlying performance of ERA, the Rio Tinto Group and the individual, global economic conditions, role responsibility, an assessment against relevant comparator groups and base salary budgets applying to the broader employee population.

At the end of 2020 and 2021, the base salaries of the Company's senior executives were:

BASE SALARY '$000	2021	2020	CHANGE
Richard Prest[1]	355	-	-
Forrest Egerton[2]	294	-	-
Alan Tietzel	383	377	2%
Lesley Bryce[3]	336	336	-
David Blanch[4]	264	264	-

Note 1 Appointed as Chief Financial Officer in March 2021.
Note 2 Appointed as General Manager Closure in January 2021.
Note 3 Resigned as General Manager Operations in January 2021.
Note 4 Resigned as Chief Financial Officer in March 2021.

STIP objectives and outcomes

The individual objectives set out below relate to the 2021 financial year (with the corresponding STIP Award paid in 2022).

	SUMMARY OF INDIVIDUAL OBJECTIVES
Richard Prest	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership and contribute to sustained improvement in health and safety performance • Lead the program management for cash generation and cost improvement across ERA • Deliver efficient and effective commercial support services to ERA, including IT and procurement • Deliver excellence in accounting, performance reporting and financial forecasting • Lead ERA's sales planning, maximising the value of ERA's marketing arrangements • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect
Forrest Egerton	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership and contribute to sustained improvement in health and safety performance • Delivery of planned rehabilitation activities in accordance with the Ranger Mine Closure Plan, including dredging and tailings deposition in Pit 3 • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect
Alan Tietzel	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership and contribute to sustained improvement in health and safety performance • Continue effective implementation of stakeholder engagement strategy • Design, plan and deliver stakeholder initiatives which progress the Company's direction on Ranger closure planning and the future of Jabiru • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect

DIRECTORS' REPORT

A summary of the individual targets and performance for each of the Company's senior executives (other than the Chief Executive) for the 2021 financial year (with the corresponding STIP Award paid in 2022) is set out in the table below.

MEASURES	WEIGHT (%)	RESULT (OUT OF 200%)	WEIGHTED RESULT (%)
Richard Prest			
Business and financial performance	25.0	50.4	12.6
Health and Safety	15.0	133.0	20.0
Individual	60.0	100.0	60.0
Total	**100.0**	-	92.6
Forrest Egerton			
Business and financial performance	25.0	50.4	12.6
Health and Safety	15.0	133.0	20.0
Individual	60.0	80.0	48.0
Total	**100.0**	-	80.6
Alan Tietzel			
Business and financial performance	25.0	50.4	12.6
Health and Safety	15.0	133.0	20.0
Individual	60.0	60.0	36.0
Total	**100.0**	-	68.6
Lesley Bryce[1]			
Business and financial performance	25.0	-	-
Health and Safety	15.0	-	-
Individual	60.0	-	-
Total	**100.0**	-	-
David Blanch[2]			
Business and financial performance	25.0	-	-
Health and Safety	15.0	-	-
Individual	60.0	-	-
Total	**100.0**	-	-

Note 1 Resigned as General Manager Operations in January 2021
Note 2 Resigned as Chief Financial Officer in March 2021.

DIRECTORS' REPORT

A summary of the individual targets and performance for each of the Company's senior executives (other than the Chief Executive) for the 2020 financial year (with corresponding STIP Award paid in 2021) is set out in the table below.

MEASURES	WEIGHT (%)	RESULT (OUT OF 200%)	WEIGHTED RESULT (%)
Lesley Bryce			
Business and financial performance	25.0	130.0	32.5
Health and Safety	15.0	110.0	16.5
Individual	60.0	140.0	84.0
Total	**100.0**	-	133.0
Alan Tietzel			
Business and financial performance	25.0	130.0	32.5
Health and Safety	15.0	110.0	16.5
Individual	60.0	100.0	60.0
Total	**100.0**	-	109.0
David Blanch			
Business and financial performance	25.0	130.0	32.5
Health and Safety	15.0	110.0	16.5
Individual	60.0	120.0	72.0
Total	**100.0**	-	121.0

LTIP awards

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the awards granted to the Company's senior executives (other than the Chief Executive) in 2021, based on the fair value calculations performed by independent advisors, was between 22.5 per cent and 30.0 per cent of base salary.

DIRECTORS' REPORT

Executive Director and senior executives total remuneration

		SHORT TERM BENEFITS				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	
		CASH SALARY ($000)	CASH BONUS[8] ($000)	OTHER[9] ($000)	RETENTION PAYMENTS[10] ($000)	SUPER-ANNUATION PENSION ($000)	CASH & EQUITY SETTLED ($000)	TOTAL ($000)
Executive Director								
B Welsh[1]	2021	81	25	23	-	9	32	170
P Arnold[2]	2021	316	-	98	-	25	170	609
	2020	393	202	140	-	29	210	974
Senior executives								
R Prest[3]	2021	266	99	55	-	23	96	539
F Egerton[4]	2021	294	59	137	76	53	49	668
A Tietzel[5]	2021	382	79	120	-	30	125	736
	2020	376	142	119	-	29	135	801
D Blanch[6]	2021	67	-	23	-	7	12	109
	2020	262	91	134	82	29	58	656
L Bryce[7]	2021	28	-	6	-	5	7	46
	2020	332	139	167	99	29	106	872
Total 2021		1,434	262	462	76	152	491	2,877
Total 2020		1,363	574	560	181	116	509	3,303

Note 1 Performance related cash bonus: 61 per cent awarded in 2021, 39 per cent forfeited. 2021 cash bonus apportioned for time employed by ERA. No performance related cash bonus was granted for services to ERA in 2020.
Note 2 No performance related cash bonus was granted for services to ERA in 2021. 68 per cent awarded in 2020, 32 per cent forfeited.
Note 3 Performance related cash bonus: 46 per cent awarded in 2021, 54 per cent forfeited. No performance related cash bonus was granted for services to ERA in 2020.
Note 4 Performance related cash bonus: 40 per cent awarded in 2021, 60 per cent forfeited. No performance related cash bonus was granted for services to ERA in 2020 as a Key Management Personnel.
Note 5 Performance related cash bonus: 34 per cent awarded in 2021, 66 per cent forfeited. 63 per cent awarded in 2020, 37 per cent forfeited.
Note 6 No performance related cash bonus was granted for services to ERA in 2021. 69 per cent awarded in 2020, 31 per cent forfeited.
Note 7 No performance related cash bonus was granted for services to ERA in 2021. 69 per cent awarded in 2020, 31 per cent forfeited.
Note 8 Performance and related bonuses disclosed in 2021 relate to services in 2021 (equally bonuses disclosed in 2020 relate to services in 2020).
Note 9 Other benefits include relocation, accommodation, travel, vehicle, other allowances, Company paid superannuation above statutory requirement that is taken as cash excluding cash paid site allowances which are treated as cash salary.
Note 10 Retention Payments were a conditional discretionary cash bonus aimed at retaining employees considered critical to ERA delivering on its commitments in relation to stockpile processing and rehabilitation of the Ranger Project Area until 31 December 2020.

The value of share based awards has been determined in accordance with the recognition and measurement requirements of AASB 2 'Share-based Payment'. The fair value of awards granted under the Rio Tinto 2018 Equity Incentive Plan, the Rio Tinto Management Share Plan (MSP), Bonus Deferral Plan (BDP), Performance Share Plan (PSP) and myShare has been calculated at their dates of grant using valuation models provided by external consultants Lane Clark and Peacock LLP, including an independent lattice-based option valuation model and a Monte Carlo valuation model which takes into account the constraints on vesting attached to these awards.

E Executive service agreements

For reasons explained on page 34, as a member of the Rio Tinto Group, ERA's Chief Executive and senior executives are seconded from Rio Tinto under agreements between ERA and Rio Tinto.

The secondment agreements provide for the Chief Executive and senior executives to work under the direction of and be responsible to the ERA Board. They include acknowledgements from Rio Tinto to the effect that the relevant executive's duties as an officer of ERA will require him or her to, among other things, act in good faith in the best interests of ERA as a whole and that, in doing so, the executive will be taken to be performing his or her duties to the relevant Rio Tinto employing company.

As part of the process of appointment of a senior executive (including the Chief Executive) under this secondment arrangement, the relevant executive is provided with a written statement relating to their responsibilities and duties as an officer of the Company, which they are required to sign for their appointment.

DIRECTORS' REPORT

Under the secondment agreements, during the secondment period ERA must pay amounts in respect of the relevant executive's base salary and other entitlements in accordance with their employment agreements with Rio Tinto. The employment agreements provide for participation of the relevant executives in the Rio Tinto short and long term incentive plans upon achieving performance and service goals. The employment agreements may also provide for other benefits, including: medical insurance, vehicle and accommodation allowances, relocation allowances and expenses and travel allowances.

In setting the executives' remuneration and any rewards based on performance, the Rio Tinto employing company is required to have regard to the recommendations of the ERA Board, and to consult with the ERA Chairman regarding any material changes to remuneration and benefits. Changes to the terms of an employment agreement must be consistent with those made generally for all employees of the Rio Tinto employer, and ERA's Chairman must be promptly informed of any material changes.

Each of the secondment agreements with Rio Tinto provides that ERA can end the secondment by giving Rio Tinto three months' notice at any time. Likewise, Rio Tinto can end the executive's secondment by giving three months' notice to ERA.

Key provisions of the employment agreements of the Chief Executive and senior executives relating to remuneration are as set out below.

B Welsh – Chief Executive and Managing Director

Term of agreement – Open, commenced as Acting Chief Executive, 4 October 2021

Commenced as Chief Executive and Managing Director, 18 February 2022

Base salary (excluding superannuation, allowances and other benefits) as at 31 December of $324,800 per annum. In addition, a higher duties allowance at $64,960 per annum was payable. Upon appointment on 18 February 2022, Mr Welsh's base salary was $390,000. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

P Arnold – Chief Executive and Managing Director

Term of agreement – Commenced 2 August 2017 and resigned 4 October 2021

Base salary (excluding superannuation, allowances and other benefits) as at 4 October 2021 of $400,412 per annum. Maximum short term incentive bonus upon meeting performance criteria is 100 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

R Prest – Chief Financial Officer

Term of agreement – Open, commenced 8 March 2021

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2021 of $355,048 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

F Egerton – General Manager Closure

Term of agreement – Open, commenced 15 January 2021

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2021 of $294,350 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

A Tietzel – General Manager External Relations

Term of agreement – Open, commenced 1 October 2010

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2021 of $383,031 per annum. Maximum term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

DIRECTORS' REPORT

L Bryce – General Manager Operations

Term of agreement – Commenced 1 June 2017 and resigned 15 January 2021

Base salary (excluding superannuation, allowances and other benefits) as at 15 January 2021 of $335,821 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

D Blanch – Chief Financial Officer

Term of agreement – Commenced 2 July 2018 and resigned 8 March 2021

Base salary (excluding superannuation, allowances and other benefits) as at 8 March 2021 of $264,578 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

The Chief Executive and senior executives are also entitled under their employment agreements with Rio Tinto to a range of pre-existing redundancy entitlements, depending on the business and region from where they were originally employed within the Rio Tinto Group. These include:

- Notice may be worked or fully or partly paid in lieu, at ERA's discretion;
- Additional capped service related payments may apply;
- Pro rata short term incentive plan payments may be paid based on the proportion of the performance period worked;
- Conditional share awards granted and held for less than three years at the date of termination are reduced pro-rata.

There is no contractual entitlement to payments in the event of a change of control.

F Share based compensation

Rio Tinto Performance Share Awards

Rio Tinto Performance Share Awards (PSA) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. 100 per cent potentially vest after five years. PSAs have been granted under either the previous Rio Tinto Performance Share Plan or, for awards granted from 2018, granted under the EIP. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS[1]	MARKET PRICE AT 31 DECEMBER 2021
Rio Tinto Limited			
15 May 2018	$83.61	31 December 2022	$100.11
18 March 2019	$93.17	31 December 2023	$100.11
16 March 2020	$77.65	31 December 2024	$100.11
18 March 2021	$110.80	31 December 2025	$100.11

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company and achievement of relevant performance conditions.

DIRECTORS' REPORT

Rio Tinto Management Share Awards

Rio Tinto Management Share Awards (MSA) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. MSAs have been granted under the EIP. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS[1]	PRICE AT 31 DECEMBER 2021
Rio Tinto Limited			
18 March 2019	$93.17	24 February 2022	$100.11
16 March 2020	$77.65	20 February 2023	$100.11
18 March 2021	$110.80	19 February 2024	$100.11

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company.

Rio Tinto Bonus Deferral Awards

Rio Tinto Bonus Deferral Awards (BDA) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. BDAs have been granted under the EIP. The terms and conditions of each right to Rio Tinto Limited shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	VESTING DATE[1]	PRICE AT 31 DECEMBER 2021
Rio Tinto Limited			
16 March 2020	$77.65	1 December 2022	$100.11
18 March 2021	$110.80	1 December 2023	$100.11

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company.

Rio Tinto employee myShare

The key management personnel and Directors of the Company who elected to participate in the Rio Tinto myShare share purchase plan as at 31 December 2021 are set out below:

B Welsh	Rio Tinto myShare
J Carey	Rio Tinto myShare
R Prest	Rio Tinto myShare
F Egerton	Rio Tinto myShare
A Tietzel	Rio Tinto myShare

DIRECTORS' REPORT

Conditional awards provided as remuneration

Rio Tinto Equity Incentive Plan

No conditional awards of ordinary shares of either ERA or of Rio Tinto Limited or Rio Tinto plc were provided during the year as remuneration for services provided to ERA to any of the non-executive Directors. Details of conditional awards of ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to the Chief Executive and senior executives of ERA in respect of their duties as officers of ERA are set out below. On vesting, each award converts into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

		BALANCE AT START OF THE YEAR OR ON JOINING[1]	GRANTED AS REMUNERATION	VESTED	LAPSED	AWARDS CANCELLED	OTHER CHANGES[2]	BALANCE AT END OF YEAR[3]
Rio Tinto Limited								
Executive Director								
B Welsh	**2021**	2,414	-	-	-	-	-	2,414
P Arnold	**2021**	11,348	3,762	(1,543)	-	-	-	13,567
	2020	10,591	3,989	(3,232)	-	-	-	11,348
Senior executives								
R Prest	**2021**	2,431	1,097	-	-	-	-	3,528
F Egerton	**2021**	1,509	749	(567)	-	-	-	1,691
A Tietzel	**2021**	4,305	1,409	(1,909)	-	-	-	3,805
	2020	5,323	1,525	(2,543)	-	-	-	4,305
L Bryce	**2021**	3,481	-	-	-	-	-	3,481
	2020	3,124	1,173	(816)	-	-	-	3,481
D Blanch	**2021**	1,996	-	-	-	-	-	1,996
	2020	1,933	714	(651)	-	-	-	1,996
Non-executive Directors[4]								
J Carey	**2021**	3,642	-	(1,604)	-	-	1,314	3,352
	2020	4,471	-	(2,127)	-	-	1,298	3,642
M Hanrahan	**2021**	11,829	-	(2,372)	-	-	3,508	12,965
	2020	10,248	-	-	-	-	1,581	11,829
J van Tonder	**2021**	3,909	-	(1,417)	-	-	1,146	3,638
	2020	3,909	-	-	-	-	-	3,909
A Sutton	**2020**	7,621	-	-	-	-	-	7,621

Note 1 *Where key management personnel joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.*
Note 2 *Other changes and end of year balance include changes made in relation to awards for service within the wider Rio Tinto group, including before joining or after ceasing with ERA.*
Note 3 *When key management personnel left prior to the end of the year, the balance reflects holdings at the date of resignation.*
Note 4 *Changes to balances for non-executive Directors do not relate to remuneration for services provided to ERA.*

DIRECTORS' REPORT

Shareholdings

No Directors hold shares in ERA. The number of shares held in Rio Tinto Limited during the financial year by each Director of ERA are set out below.

		BALANCE AT START OF THE YEAR[1]	INCREASED DURING THE YEAR	OTHER CHANGES DURING THE THE YEAR	BALANCE AT END OF THE YEAR[2]
Rio Tinto Limited					
P Mansell	**2021**	2,000	-	(2,000)	-
	2020	2,000	-	-	2,000
P Arnold	**2021**	2,241	1,811	(2,280)	1,772
	2020	4,682	4,809	(7,250)	2,241
P Dowd	**2021**	750	-	-	750
	2020	1,500	-	(750)	750
J Carey	**2021**	6,502	2,153	(4,504)	4,151
	2020	4,142	2,360	-	6,502
M Hanrahan	**2021**	-	2,417	(1,335)	1,082
	2020	2,328	-	(2,328)	-
J van Tonder	**2021**	-	1,735	(1,735)	-
	2020	1,564	-	(1,564)	-
A Sutton	**2020**	18,895	-	-	18,895

Note 1 Where a Director was appointed during the year, balance reflects holdings at the time of commencement with the Company.
Note 2 Where a Director resigned during the year, balance reflects holdings at time of resignation as a Director of the Company.

G Additional information

Loans and other transactions with Directors and other key management personnel

There are no loans with Directors and other key management personnel. Other transactions with Director related entities are disclosed in Note 27 – Related parties.

DIRECTORS' REPORT

Principal activities
The principal activities of the Company during the course of the year consisted of the processing and sale of uranium oxide and site rehabilitation.

Dividends
No dividends have been paid by ERA to members in respect of the 2021 financial year (2020: nil).

Operating and financial review
Details of ERA's review and results of operations are included in the Chairman's Report on page 4, the Chief Executive's Report on page 6 and the Financial Performance and Operations and Rehabilitation sections on pages 9 and 11 respectively.

Significant changes to the state of affairs
In the opinion of the Directors, other than matters reported in the Directors' Report, the Chairman's Report and the Chief Executive's Report, there were no significant changes in the state of affairs of the Company during the year ended 31 December 2021.

Matters subsequent to the end of the financial year
In the interval between the end of the year and the date of this report there has not arisen any item, transaction or event of a material nature, other than matters reported in the Chairman's Report and the Chief Executive's Report on pages 4 and 6 respectively, that has significantly affected or may significantly affect:

- The operations of the Company;
- The results of those operations; or
- The state of affairs of the Company subsequent to the Financial year ended 31 December 2021.

Likely developments
In the opinion of the Directors, any likely developments in the operations of the Company known at the date of this report have been covered within the Annual Report and Notes to the financial statements.

A general review of developments for ERA is presented in the Financial Performance and Operations and Rehabilitation section on pages 9 and 11.

Annual General Meeting
The 2022 Annual General Meeting will be held in Darwin, in the Northern Territory of Australia. Notices of the 2022 Annual General Meeting will be given to the shareholders of the Company in accordance with the Corporations Act. It is anticipated the meeting will be an in person meeting with the Company closely monitoring the COVID-19 situation in the event that a virtual or hybrid option becomes required.

Indemnification
Clause 11 of the Company's Constitution provides that every Director, manager, officer or employee of the Company shall be indemnified out of the funds of the Company against all liability incurred by them in defending any proceedings in which they are successful.

The *Corporations Act 2001* prohibits a company from indemnifying Directors, secretaries, executive officers and auditors from liability except for liability to a party, other than the Company or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and except for liability for costs and expenses incurred in defending proceedings in which the officer or auditor is successful. An indemnity for officers or employees who are not Directors, secretaries or executive officers, is not expressly prohibited by the *Corporations Act 2001*.

The Directors and Company Secretaries of the Company, and all former Directors and Company Secretaries, have the benefit of the indemnity in Clause 11 of the Company's Constitution.

The indemnity also applies to executive officers of the Company (being the senior executives and managers who are concerned with, or take part in the management of the Company) as well as other employees.

Insurance
Since the end of the previous financial year, the Company has paid insurance premiums in respect of a Directors' and officers' liability policy of insurance.

The policy indemnifies all Directors and officers of ERA (including the Directors, Company Secretaries, and executive officers referred to above) against certain liabilities.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Environmental regulation and policy
ERA strives to be at the forefront of environmental management in the uranium industry. It operates in accordance with relevant Commonwealth and Northern Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations. ERA's environmental management system is ISO14001 compliant.

ERA is required to report any incident that is a divergence from strict compliance with statutory requirements, even if the incident has no detrimental environmental impact, and reports are made to the Department of Primary Industry and Resources (Northern Territory); the Supervising Scientist Branch of the Commonwealth Department of Environment; the Northern Land Council; the Commonwealth Department of Industry, Innovation and Science and the Gundjeihmi Aboriginal Corporation (representatives of the Mirarr Traditional Owners).

ERA's commitment to protect the environment in 2021 was overseen by the Supervising Scientist Branch, which conducts extensive monitoring and research programs on the Ranger Project Area and Jabiluka Mineral Lease.

DIRECTORS' REPORT

There were no prosecutions commenced or fines incurred in respect of ERA's environmental performance during 2021. The environment remained protected throughout the period.

Corporate governance

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance. The corporate governance structures and practices in place at ERA are substantially in compliance with the 4th Edition of the Corporate Governance Principles and Recommendations developed by the ASX Corporate Governance Council (Council).

Areas where the corporate governance practices of ERA do not follow the Council's recommendations arise due to Rio Tinto's 86.3 per cent ownership of the Company and the management, direction, services and support this provides. The extent to which the Company does not comply is detailed in the Corporate Governance Statement on pages 52 to 58.

Company secretaries

Richard Prest and Shannon Coates are company secretaries of ERA, each having been appointed to the role on 10 December 2022. Their qualifications and experience are set out on pages 30 and 31 respectively. Shanelle English served as company secretary during 2021, until 10 December 2021.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 2016/191 and in accordance with that Class Order amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor

KPMG is the auditor of the Company. No person who was an officer of the Company during the year was a former partner or director of the auditor. Each of the Directors at the time this report was approved has confirmed that so far as he or she is aware,

- There is no relevant audit information (ie information needed by the auditor in connection with preparing its report) of which the auditor is unaware and;
- He or she has taken all steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Non audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for audit services are set out below.

No non audit services were performed by KPMG during the year.

When performed all non-audit services are reviewed by the Audit and Risk Committee to ensure they do not impact on the impartiality and objectivity of the auditor and do not undermine the general principles relating to auditor's independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-audit related firms.

	2021 $000	2020 $000
PricewaterhouseCoopers Australia		
Audit and review of financial reports	-	-
Audit and review of financial reports (additional prior year fees)	-	31
KPMG Australia		
Audit and review of financial reports	291	215
Audit and review of financial reports (additional prior year fees)	37	-
Total remuneration for audit services	328	246
Other non-audit related services	-	-
Total remuneration	328	246

Information on Auditor

KPMG continues in office in accordance with Section 327 of the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 51.

Signed at Perth this 15 March 2022 in accordance with a resolution of the Directors.

P Mansell
Director
Perth
15 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Energy Resources of Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Energy Resources of Australia Ltd for the financial year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Derek Meates
Partner

Perth

15 March 2022

CORPORATE GOVERNANCE STATEMENT

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance and to maximise the overall long term return to shareholders. The Board seeks to ensure that ERA meets the objectives of its shareholders, while paying proper regard to the interests of employees and external stakeholders.

The corporate governance structures and practices in place at ERA are substantially in compliance with the 4th Edition of the Corporate Governance Principles and Recommendations (Principles) developed by the ASX Corporate Governance Council (Council).

The Board has considered the Council's Principles, and notes that ERA did not comply with the following recommendation for the whole of the reporting period:

- Recommendation 2.4 – there was not a majority of independent Directors.

As explained further below, the Board considers that this is appropriate. This Corporate Governance Statement is current as at 15 March 2022 and has been approved by the Board of ERA.

Board responsibilities and charter

In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of ERA's shareholders, employees and the community.

The Board Charter underpins the strategic guidance and effective management oversight provided by the Board, and defines the division of responsibility between Board and management by formal delegation and a system of Board reserve powers.

Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of ERA's business is delegated to the Chief Executive who is accountable to the Board.

The Board approves strategy and business plans and monitors the performance of ERA against these plans. The Board also monitors compliance with policies prescribed by the Board in areas such as health and safety, environment, business ethics, internal control and risk management. These policies are designed to ensure that ERA meets or exceeds the regulatory requirements governing its operations.

In addition to the matters expressly required by law to be approved by the Board, the powers specifically reserved for the Board are as follows:

- Confirming the appointment and removal of a Chief Executive and the terms and conditions of the Chief Executive's employment;
- Appointment and removal of a Company Secretary;
- Appointment of the Chairman of the Board and members of Board Committees;
- Any matters set out in the Schedule of Matters Reserved for Decision or Consideration by the Board; and
- Approval, subject to the Constitution, the *Corporations Act 2001* and the ASX Listing Rules, of each of the following:
  - (i) The issue of new shares or other securities in the Company;
  - (ii) Incurring of debt (other than trade creditors incurred in the normal course of business);
  - (iii) Capital expenditure in excess of $5,000,000;
  - (iv) The acquisition, divestment or establishment of any significant business assets;
  - (v) Changes to the discretions delegated from the Board;
  - (vi) The annual operating budget;
  - (vii) Changes to the capital and operating approval limits of senior management; and
  - (viii) The annual report and interim and preliminary final reports.

The Board receives copies of all material market announcements promptly after they have been made.

The Board Charter is available at the Corporate Governance section of ERA's website.

Composition

The Board of ERA consists of seven Directors, six of whom are non-executive.

Mr Mansell, Mr Charles, and Mr Dowd all served as independent, non-executive Directors throughout 2021. Mr Carey and Mr van Tonder also served as non-executive Directors during the period. Ms Rosemary Fagen was appointed as a non-executive Director on 1 February 2022.

Ms Hanrahan, who served as a non-executive Director during the period, resigned as a Director on 28 April 2021.

On 4 October 2021, Mr Paul Arnold resigned as Managing Director of the Company.

On 18 February 2022, Mr Brad Welsh was appointed Managing Director and Chief Executive of the Company.

Mr Mansell, Mr Charles and Mr Dowd were first appointed in 2015, Mr Carey was appointed in 2019, Mr van Tonder was appointed in 2020 and Ms Fagen and Mr Welsh in 2022.

Skills, experience and diversity

The Board strives to achieve a diversity of skills, experience and perspective among its Directors. Details of the Directors, their experience, qualifications and other appointments are set out on pages 28 to 30. Details of the independent status of each Director are outlined in the Independence section below.

Qualification for Board membership is driven by the principle that the Board's composition should reflect the right balance of skills, knowledge and diversity that the Board considers will best serve the interests of ERA and all of its shareholders.

The Board reviews its structure, size and composition regularly. The Board has not established a Nominations Committee. The Board considers that its existing practices in reviewing Director competencies, Board succession planning, Board performance evaluation and Director selection and nomination carried out in accordance with the Board Charter, are satisfactory and appropriate given the size of the Board and ERA's current ownership structure.

CORPORATE GOVERNANCE STATEMENT

The process to identify and nominate new independent Directors from time to time is led by the incumbent independent Directors. Decisions relating to the appointment of Directors are made by the full Board. Directors appointed by the Board are required by ERA's Constitution to submit themselves for re-election by shareholders at the Annual General Meeting following their appointment. There is no share ownership qualification for appointment as a Director.

The ERA Board undertakes appropriate background checks and screening prior to appointing a Director or putting a candidate to security holders for election as a Director. ERA provides security holders with all material information in its possession concerning each Director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

Non-executive Directors are required to retire at least every three years in accordance with ERA's Constitution, but may offer themselves for re-election. The key attributes that the Board seeks to achieve in its membership are set out below.

Mining	Senior executive experience in the resources industry, including mining, development, marketing and exploration
Health, Safety and Environment	Familiarity with issues associated with workplace health and safety, environment and social responsibility
Financial	Proficiency in financial accounting and reporting, corporate finance, internal financial controls, corporate funding and associated risks
Technical	A strong understanding in technical areas of the resource industry, including engineering, mining and processing
Strategy	Proven ability in developing and implementing successful business strategies, including the capacity to probe and challenge management on the delivery of strategic objectives
Governance	Commitment to the highest standards of governance, including Board experience with other ASX listed companies that demonstrate rigorous governance standards
Executive leadership	Sustainable success in business at a very senior executive level
Government relations	Interaction with government and regulators and involvement in public policy initiatives and decisions
Community and indigenous engagement	Experience in engaging with a cross-section of community and Indigenous stakeholders
Risk management	Experience in developing and establishing risk management frameworks, setting risk appetite and overseeing organisational risk culture

Appointment, induction training and professional development

All new non-executive Directors sign a letter of appointment which sets out the key terms and conditions of their appointment including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work. There is also a separate written agreement between ERA and each of its Chief Executive and senior executives relating to their respective responsibilities and duties as an officer of the Company (see pages 43 to 45).

Induction training is provided to all new Directors. It includes comprehensive induction materials, discussions with the Chief Executive and senior executives and the option to visit the Company's operations at Ranger mine, either by appointment or with the Board during its next site tour. The induction materials and discussions include information on the Company's strategy, culture and values, key corporate and Board policies, the Company's financial, operational and risk management position, the rights and responsibilities of Directors, the role of the Board and its committees and meeting arrangements.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. ERA provides the opportunity for Directors to participate in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Independence

For the purposes of determining Director independence, the Board considers any material business relationship which could interfere, or be perceived to interfere, with the Director's independence of judgement, ability to provide a strong, valuable contribution to the Board's deliberations and the Director's ability to act in the best interests of ERA and shareholders as a whole. Where contracts in the ordinary course of business exist between ERA and a company in which a Director has declared an interest, these are reviewed for materiality to both ERA and the other party to the contract.

In addition to the examples set out in the Principles, the following may be taken into account in considering such material business relationships:

- Whether, within the last three years, the Director or a close family member has been a member of executive management of ERA, employed in a senior position with a member of the Rio Tinto Group or has received additional remuneration from the Company or a member of the Rio Tinto Group;
- Whether the Director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the Company or in a member of the Rio Tinto Group;
- The Director's cross directorships of, or significant links with, or involvement in, other companies;
- The Director's length of service on the Board and whether this may have compromised independence; and
- Whether, within the last three years, the Director or a close family member has had, either directly or indirectly and

CORPORATE GOVERNANCE STATEMENT

whether as principal, employee or consultant, a material business relationship with ERA or with a member of the Rio Tinto Group, whether as an auditor, professional adviser, supplier, or customer ("material" being more than five per cent of ERA's or the counterparty's consolidated gross revenue per annum).

Mr Mansell, Mr Charles and Mr Dowd are considered by the Board to be independent Directors.

For the whole reporting period, the Board of Directors did not consist of a majority of independent Directors. This does not follow Recommendation 2.4 of the Council's Principles. However, the Board considered it was appropriate that the composition of the Board recognises Rio Tinto's 86.3 per cent shareholding.

All Directors are required to, and do, bring an independent judgement to bear on Board decisions and act in accordance with their statutory duties of good faith and for a proper purpose, and in the interests of shareholders as a whole.

All related party transactions, including those with Rio Tinto, have been determined by the independent Directors to be on arm's length terms and in the interests of ERA.

Chairman and Chief Executive

The Chairman, Mr Mansell, is an independent non-executive Director. Mr Mansell's other appointments are set out on page 28. The Board considers that none of his other commitments interfere with the discharge of his duties to ERA.

Mr Brad Welsh was appointed as Acting Chief Executive on 4 October 2021 and Managing Director and Chief Executive on 18 February 2022.

Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All Directors have direct access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Details of the Company Secretary's experience and qualifications are set out on pages 30 and 31.

Board meetings

The Board held eight scheduled meetings and two extraordinary meetings during 2021. In addition, there were eight meetings held in 2021 of Committees established by the Board. The Board and Committee meeting attendance details for Directors in 2021 are set out on page 32.

Performance self assessment

The Board has a process for periodically evaluating its performance, as well as the performance of its Committees and individual Directors. The evaluation and self-assessment generally takes the form of an internal process facilitated by the Chairman. After consulting each Director and the Company Secretary, the Chairman reports a summary of the findings to all Directors for discussion at the next Board meeting where relevant actions are agreed. Periodically the Board may utilise the services of an external consultant to facilitate the process.

The external process takes the form of a questionnaire completed by each of the Directors and the Company Secretary. Following collation by the consultant, the results, adequacy and appropriateness of the self-assessment process are compiled. A report outlining the results is circulated to all Directors and discussed at the following Board meeting where actions arising are agreed.

The Chairman conducted an evaluation of the Board in 2021 obtaining feedback from the Directors on the performance of the Board and its committees.

Independent professional advice

The Board has adopted a procedure for Directors wishing to seek independent professional advice, at the Company's expense, in the furtherance of their duties. The Board recognises that there may be circumstances in which individual Directors are entitled to independent professional advice at the Company's expense in the furtherance of their duties, and any Director may do so by arrangement with the Company Secretary.

Remuneration

ERA's Constitution provides that the aggregate remuneration paid to non-executive Directors of ERA in any one year will not exceed $800,000 or such other amount as may be approved by shareholders from time to time. At the 2020 Annual General Meeting, the resolution to increase this limit to $950,000 was approved with 96.80 per cent of shares voting in favour (voting comprised 3,488,564,371 votes 'for' the resolution and 115,041,466 votes 'against' the resolution). At the 2021 Annual General Meeting, the 2020 Remuneration Report was approved with 99.94 per cent of shares voted in favour (voting comprised 3,189,962,061 votes 'for' the resolution and 2,008,443 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 3,186,682,634 votes 'for' the resolution.

In 2012, the Board established a Remuneration Committee. Throughout 2021, the Remuneration Committee comprised three non-executive Directors, being Mr Mansell (Chair), Mr Dowd and Mr Charles, all of whom are independent. A majority of members constitutes a quorum for a meeting. The Chief Executive may be invited to attend Remuneration Committee meetings. Other executives may also be invited to discuss or report on particular agenda items. The Remuneration Committee held two meetings during 2021. Attendance details of the 2021 meetings of the Remuneration Committee are set out in the Directors' Report on page 32.

The Remuneration Committee Charter sets out the role and objectives of the Remuneration Committee. A summary of the objectives of the Remuneration Committee and the policies and practices of the Company regarding the remuneration of non-executive Directors, the Chief Executive and senior executives is set out on pages 33 to 36 of the Remuneration Report. The complete Remuneration Committee Charter is available at the Corporate Governance section of ERA's website at *www.energyres.com.au*.

CORPORATE GOVERNANCE STATEMENT

An annual performance evaluation of the Chief Executive and senior executives was undertaken in 2021. Details of how the performance evaluation process is undertaken by the Board in respect of the Chief Executive and senior executives are set out on pages pages 38 to 42 of the Remuneration Report.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board and throughout 2021 comprised three non-executive Directors, all of whom are independent. A majority of members constitutes a quorum. The present members of the Audit and Risk Committee are Mr Charles (Chair), Mr Mansell and Mr Dowd. The Company's Chief Financial Officer, Chief Executive and General Counsel & Company Secretary, the external auditor and the internal auditor are invited to attend all meetings.

The Audit and Risk Committee Charter sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee Charter is available at the Corporate Governance section of ERA's website.

The Committee provides a formal structure for reviewing ERA's financial statements, accounting policies, control systems, risk management practices and taxation issues and for liaison with the external and internal auditors. The Committee also reviews the adequacy of internal and external audit arrangements.

The Audit and Risk Committee advises the Board of any matters that might have a significant impact on the financial condition of ERA and has the authority to investigate any matters within its terms of reference, having full access to the information and resources of ERA to fulfil its function. Related party transactions are considered by the Audit and Risk Committee. The Audit and Risk Committee reviews compliance with the *Corporations Act 2001*, and the requirements of the ASX and other regulatory requirements.

The Audit and Risk Committee held three meetings during 2021. Attendance details of the 2021 meetings of the Audit and Risk Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 32 and 28 to 29 respectively.

Each year the external auditor submits a schedule of audit services and fee estimate to the Audit and Risk Committee for consideration and approval. KPMG is appointed as ERA's external auditor for 2021. Each year, the Audit and Risk Committee reviews the effectiveness of the external audit process and the independence of the auditor. Based on its 2021 review, the Audit and Risk Committee was satisfied with the external audit process and that the external auditor remained independent. Any work to be conducted by the external auditor other than the audit is approved by the Audit and Risk Committee.

Details of the fees paid to KPMG during 2021 are outlined on page 50.

Sustainability Committee

The Sustainability Committee is appointed by the Board and ordinarily comprises three non-executive Directors. A majority of members constitutes a quorum. Throughout 2021, Mr Dowd (Chair), Mr Charles and Mr van Tonder were members of the Sustainability Committee. The Company's Chief Executive, General Manager Operations and Company Secretary are invited to attend all meetings.

The Sustainability Committee Charter sets out the role and objectives of the Sustainability Committee and is reviewed regularly. It is available at the Corporate Governance section of ERA's website.

The Committee provides a formal structure to further support governance and initiatives for improvement in the sustainability of ERA operations, including health, safety and environmental management.

The Sustainability Committee held three scheduled meetings during 2021. Attendance details of the 2021 meetings of the Sustainability Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 32 and 28 to 30 respectively.

The Health, Safety and Environment Committee was renamed the Sustainability Committee during the reporting period.

Rehabilitation Committee

On 7 October 2021, the Board established a Rehabilitation Committee, membership of which comprises Mr Dowd (Chair), Mr Charles and Mr van Tonder. The Committee is mandated to receive and share information on, and review and evaluate, key aspects of risk, performance and activities of the Ranger Closure Project and to provide feedback and recommendations to the Board. In the period from establishment to 31 December 2021, preparatory and research work was undertaken but no formal committee meetings were held.

Independent Board Committee

In May 2020, the Board adopted a Conflicts of Interests and Related Party Transactions Policy. The purpose of the Policy is to outline a process for identification, review, approval and disclosure of Related Party Proposals, with a view to ensuring that all decisions of the Board are made in the best interests of the Company as well as ensuring compliance with the law. The Board also formally established the Independent Board Committee (IBC) of directors who are considered to be independent of Rio Tinto, being Mr Mansell (Chair), Mr Dowd and Mr Charles. The IBC has been delegated all of the powers, authorities and discretions of the Board with respect to any transaction or proposal:

- In which, in the opinion of the Chairman of the IBC, a Related Party has or may have interests other than its interest as shareholder in common with other shareholders; or
- Where, in the opinion of the Chairman of the IBC, the interests of ERA and a Related Party conflict or may appear to conflict, excluding any transaction or proposal in which a member of the IBC is a conflicted Director.

CORPORATE GOVERNANCE STATEMENT

For so long as Rio Tinto has a controlling interest in the Company, Rio Tinto will be taken to be a Related Party for this purpose. A copy of the Policy (including IBC's Charter) are available on the Company's website at *https://www.energyres.com.au/uploads/general/200505_Conflicts_policy_and_Independent_Committee_Charter_(FINAL).pdf*.

Diversity

ERA acknowledges the benefits that flow from advancing Board and employee diversity, in particular gender and Indigenous diversity. These benefits include identification and rectification of gaps in the skills and experience of Directors and employees, enhanced employee retention, greater innovation and maximisation of available talent to achieve corporate goals and increased financial performance.

Diversity, in the context of the Company, primarily refers to groups which are underrepresented in its workforce. ERA has a particular focus on the representation of women and Indigenous people in its workforce. ERA's policy on diversity can be found on the Company's website at *www.energyres.com.au*. In accordance with the Company's diversity policy, ERA has set measurable objectives to achieve diversity.

The objectives and the Company's progress in achieving each objective are set out below:

OBJECTIVE	OUTCOME
Women to represent 20 per cent of the senior executives (being manager level and above) and the Board by end of 2021.	As at 31 December 2021 female participation at manager, Executive Committee and Board level is 12 per cent. Although there were no female Directors as at 31 December 2021, female participation increased to 14% of Directors upon Rosemary Fagen's appointment in February 2022. Total female participation is 19 per cent.
Target Indigenous employment of 15 per cent by the end of 2021.	ERA ended 2021 with an Indigenous employment rate of six per cent. 17 per cent of Indigenous employees were female and three employees held supervisor leadership roles.

As at 31 December 2021, the proportion of women employed by ERA was as follows:

Board of Directors	-%
Executive Committee and managers	17%
Company	19%

Code of business conduct

We have clear standards around bribery and corruption, conflicts of interest, antitrust, benefits, sponsorships and donations, data privacy, fraud and third party due diligence. ERA has a Code of Business Conduct to be met by all employees and Directors. All employees are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Australia and in every other country in which the Company engages in business.

The Code of Business Conduct is reviewed to ensure it adequately addresses the issues facing the Company and is available for inspection on the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition to the Company's Code of Business Conduct, the Company's employees are required to comply with Rio Tinto's statement of business practice The Way We Work, available at Rio Tinto's website at *www.riotinto.com*. This includes ERA's values and provides a clear framework for how we should conduct our business.

The Company uses Rio Tinto's confidential whistleblower program known as 'myVoice'. It offers an avenue through which our employees, contractors, suppliers and customers can report concerns anonymously, subject to local law. Employees are encouraged to report any suspicion of unethical or illegal practices. Further details regarding the program are available in the Corporate Governance section of the Company's website at *www.energyres.com.au*.

The Board is informed of any material breaches and incidents reported under its Code of Business Conduct, whistleblower policy or anti bribery and corruption policy.

Purchase and sale of Company securities

ERA has in place a formal policy that reinforces to all Directors, officers and employees the prohibitions against insider trading. The Share Trading Policy is available for inspection at the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition, the "Rules for dealing in securities of Rio Tinto" (Dealing Rules) apply to the participation of ERA executives in the Rio Tinto long term incentive plans involving the awarding of Rio Tinto securities at a future date. Any such grants of shares and options under the Rio Tinto plans are subject to, and conditional upon, compliance with the terms of the Dealing Rules, including an express prohibition on hedging or limiting of exposure to economic risk in relation to such securities.

Under the ERA Share Trading Policy:

- Directors, senior executives and senior managers must advise the Chairman in writing, and receive approval in writing from the Chairman, if they intend to purchase or sell ERA securities.
- In regard to his own dealings, the Chairman is required to notify the Chair of the Audit and Risk Committee.
- No dealings in ERA securities may take place for the period from the end of any relevant financial period to the trading

CORPORATE GOVERNANCE STATEMENT

day following announcement of ERA's annual results or half year results.

Particulars of the interests held by Directors are outlined on page 32 of the Director's Report.

Risk identification and management

ERA has in place a range of policies and procedures to manage the risks associated with its operating activities. These policies and procedures have been adopted by the Board, with primary oversight by the Audit and Risk Committee, to ensure that potential business risks are identified and appropriate action taken.

The Company has an annual internal audit program that is determined by the Audit and Risk Committee. The annual internal audit program is executed by an outsourced provider which reports back to the Audit and Risk Committee on its assessment of the Company's control environment. In addition, the Company Secretary provides support for internal audit planning activities and the monitoring of actions implemented by the Company in response to findings raised by the internal auditor.

ERA benefits from the Rio Tinto Group's knowledge, policies and practices on risk management and corporate assurance, developed to manage Rio Tinto's diverse business activities covering a variety of commodities and operational locations. Together, these make up a comprehensive framework and approach to risk analysis and risk management.

The Board has in place a number of systems to identify and manage business risks. These include:

- The identification and review of all of the business risks known to be facing the Company;
- The provision of reports and information by management to the Board, on a periodic basis, confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks;
- Guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- Limits and controls for all financial exposures, including the use of derivatives;
- A regulatory compliance program; and
- Safety, health and environmental policies which are supported by a set of standards and management systems which recognise the Company's commitment to achieving high standards of performance in all its activities in these areas.

The Audit and Risk Committee reviews ERA's risk management framework at least annually, and did so in 2021, to satisfy itself that it continues to be sound.

The Audit and Risk Committee and the Board has assessed the strategic risks to the Company's business and the mitigation strategies to be implemented by management. The strategic risks identified through this assessment were future operating cash flow and financial resources, stakeholder support of the Company's strategic initiatives, rehabilitation of the Ranger Project Area, internal constraints relating to the Company's licence to operate, external events relating to the Company's licence to operate and retention and recruitment of key personnel.

These strategic risks are in addition to risks inherent to the mining industry generally which include economic conditions (fluctuations in commodity pricing and exchange rates), international regulation of greenhouse gas emissions and impact of climatic conditions. More information on ERA's business risks, including any material exposure to economic, environmental and social sustainability risks, is set out on pages 15 to 19 of the Annual Report.

Each reporting period, the Chief Executive and the Chief Financial Officer give statements to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the Australian Accounting Standards and give a true and fair view of the Company's financial position and performance. The statements also provide that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

Public statements and disclosure matters

ERA makes full and immediate disclosures to its shareholders and the market as required by, and in accordance with, its legal and regulatory obligations. Established systems are in place to ensure compliance and matters that may have a material impact on the price or value of ERA's securities are reported to the market in accordance with the ASX Listing Rules and the *Corporations Act 2001*. ERA's Continuous Disclosure Policy is available at the Corporation Governance section of ERA's website at *www.energyres.com.au*.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These controls, supervised by the Chief Executive and Chief Financial Officer, provide reasonable assurance regarding the reliability of the Group's financial reporting and the preparation and presentation of financial statements for external reporting purposes, in accordance with International Financial Reporting Standards (IFRS). The Company's internal controls over financial reporting include policies and procedures designed to ensure the maintenance of records that: (i) accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurances that transactions are recorded as necessary, enabling the preparation of financial statements in accordance with IFRS, and (iii) receipts and expenditures are made with the authorisation of management and directors of each of the companies.

Modern Slavery Statement

ERA is a reporting entity under the Australian Modern Slavery Act 2018 (Cth) and will be included in Rio Tinto's joint 2021 Modern Slavery Statement which will be published on behalf of the reporting entities in the Rio Tinto Group.

CORPORATE GOVERNANCE STATEMENT

Shareholder communication

ERA recognises the importance of effective communication with shareholders and the general investment community. Apart from ERA's compliance with its mandatory continuous disclosure obligations, ERA takes steps to ensure that its shareholders and other stakeholders are kept informed. Full advantage is taken of the Annual General Meeting to inform shareholders of current developments and to give shareholders the opportunity to ask questions. KPMG, ERA's external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. ERA shareholders are also able to submit written questions regarding the conduct of the audit and the statutory audit report to the auditor via the Company. Any questions received and answers provided will be made available to members at the Annual General Meeting. Shareholders who are unable to attend meetings are encouraged to appoint a proxy to vote either as they direct or at their discretion.

ERA believes that investor seminars, presentations and briefings on financial and operational issues, including social and environmental performance, are valuable ways of communicating with relevant professionals, employees and other interested persons when required. The Chief Executive and Chief Financial Officer are available for regular meetings with the Company's major investors.

When conducted, ERA gives equal access to information disclosed in investor seminars, presentations and briefings. If any such event is used to disclose new material, it will, in advance or simultaneously, be disclosed to the ASX and available on ERA's website.

ERA provides shareholders with the option to receive communications from, and send communications to, the Company and the share registrar electronically. The contact details are available on the Company's website.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 $'000	2020 $'000
Revenue from continuing operations	3	201,007	254,891
Changes in inventories		(119,673)	(13,988)
Materials and consumables used		(1,618)	(71,818)
Employee benefits and contractor expenses		(21,821)	(101,304)
Government and other royalties	4	(9,891)	(12,517)
Commission and shipping expenses		(2,585)	(5,069)
Depreciation and amortisation expenses		(354)	(353)
Changes in estimate of rehabilitation provision	20	(668,149)	(6,529)
Financing costs	4	(19,529)	(24,949)
Statutory and corporate expenses		(4,158)	(9,260)
Other expenses	4	(624)	(461)
Profit/(loss) before income tax		(647,395)	8,643
Income tax (expense)/benefit	5	(2,817)	2,817
Profit/(loss) for the year		(650,212)	11,460
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss:			
Changes in the fair value of cash flow hedges		(9,391)	9,391
Income tax relating to components & other comprehensive income		2,817	(2,817)
Other comprehensive income/(loss) for the year, net of tax		(6,574)	6,574
Total comprehensive income/(loss) for the year		(656,786)	18,034
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(650,212)	11,460
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Energy Resources of Australia Ltd		(656,786)	18,034
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share (cents)	30	(17.6)	0.4
Diluted earnings/(loss) per share (cents)	30	(17.6)	0.4

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2021

	NOTES	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	163,872	204,350
Trade and other receivables	8	33,375	7,788
Inventories	9	29,613	132,704
Government security receivable	10	65,400	123,316
Derivative financial instruments	11	3,451	12,423
Other	12	829	2,030
Total current assets		296,540	482,611
Non-current assets			
Inventories	13	-	15,423
Undeveloped properties	14	89,856	89,856
Property, plant and equipment	15	92	1,756
Derivative financial instruments	16	-	580
Government security receivable	17	469,442	409,927
Total non-current assets		559,390	517,542
Total assets		855,930	1,000,153
LIABILITIES			
Current liabilities			
Trade and other payables	18	36,803	39,290
Lease liabilities		93	1,583
Provisions	19	232,732	188,399
Total current liabilities		269,628	229,272
Non-current liabilities			
Lease liabilities		-	186
Provisions	20	1,028,724	556,116
Total non-current liabilities		1,028,724	556,302
Total liabilities		1,298,352	785,574
Net assets/(deficit)		(442,422)	214,579
EQUITY			
Contributed equity	22	1,177,656	1,177,656
Reserves	23	388,594	395,383
Accumulated losses	23	(2,008,672)	(1,358,460)
Total equity/(deficit)		(442,422)	214,579

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	CONTRIBUTED EQUITY $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 January 2020		706,485	388,748	(1,369,920)	(274,687)
Profit/(loss) for the year		-	-	11,460	11,460
Other comprehensive income		-	6,574	-	6,574
Total comprehensive income for the year	23	-	6,574	11,460	18,034
Transactions with owners in their capacity as owners:					
Contributions of equity – net of transaction cost		471,171	-	-	471,171
Employee share options – value of employee services	23	-	61	-	61
		471,171	61	-	471,232
Balance at 31 December 2020		1,177,656	395,383	(1,358,460)	214,579
Profit/(loss) for the year		-	-	(650,212)	(650,212)
Other comprehensive income/(loss)		-	(6,574)	-	(6,574)
Total comprehensive income/(loss) for the year	23	-	(6,574)	(650,212)	(656,786)
Transactions with owners in their capacity as owners:					
Contributions of equity – net of transaction cost		-	-	-	-
Employee share options – value of employee services	23	-	(215)	-	(215)
		-	(215)	-	(215)
Balance at 31 December 2021		1,177,656	388,594	(2,008,672)	(442,422)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 $'000	2020 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers			
(inclusive of goods and services tax)		194,155	268,885
Payments to suppliers and employees			
(inclusive of goods and services tax)		(78,552)	(209,596)
		115,603	59,289
Payments for rehabilitation		(153,149)	(80,190)
Interest received		343	2,673
Financing costs paid		(731)	(1,052)
Net cash (outflow)/inflow from operating activities	29	(37,934)	(19,280)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(43)	(193)
Contributions to government security receivable	10	-	(454,000)
Net cash (outflow)/inflow from investing activities		(43)	(454,193)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(1,677)	(2,408)
Proceeds from issues of shares		-	476,049
Share issue transaction costs		-	(2,791)
Employee share option payments		(835)	(1,616)
Net cash (outflow)/inflow from financing activities		(2,512)	469,234
Net increase/(decrease) in cash and cash equivalents		(40,489)	(4,239)
Cash and cash equivalents at the beginning of the financial year		204,350	208,591
Effects of exchange rate changes on cash and cash equivalents		11	(2)
Cash and cash equivalents at end of year	7	163,872	204,350

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Energy Resources of Australia Ltd (ERA).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*. The financial report has been prepared under the assumption that the Company is a going concern.

(i) Going Concern

As at 31 December 2021, ERA has a net liability position of $442 million, it has also experienced operating losses and negative cash flows during the financial year ending on that date. As a result of the rehabilitation provision increase of $668m during 2021, ERA has insufficient funds to fully fund its rehabilitation obligation.

ERA is continuing to review all funding options. An inability to obtain sufficient funding would have a material impact on ERA being able to continue as a going concern. Rio Tinto has reiterated its commitment to ensuring the rehabilitation of the Ranger Project Area is successfully achieved to the appropriate standards. ERA is in ongoing discussions with major shareholders about a funding solution.

Each year, ERA is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation (APR). Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees. The 45th Annual Plan of Rehabilitation is currently being undertaken to align with the conclusion of processing which occurred on 8 January 2021 and consider impacts identified through the rehabilitation reforecast process. Further work on the reforecast and alterations to the Pit 3 capping strategy are ongoing. This review may revise the determined security position which may require additional funding requirements. ERA has commenced discussions with the Commonwealth Government to consider potential implications and timing for its security requirements.

Currently, ERA has $125m in bank guarantees to the Commonwealth Government over the 44th Annual Plan of Rehabilitation which was finalised in February 2020. Issuers of the bank guarantees have certain pay and walk rights and the guarantees are subject to periodic reviews. Should the banks execute their pay and walk rights or ERA is unable to access bank guarantees, substantial additional cash would be required to indemnify the banks or be deposited into the trust fund. ERA continues to maintain regular dialogue with its major relationship banks.

ERA's ability to fund its rehabilitation obligations, including any additional security requirements and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon it being successful in obtaining additional funding support from its shareholders.

As a result of these matters, there is a material uncertainty that may cast significant doubt on ERA's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that ERA will be successful in obtaining additional funding support from its shareholders, and that the APR security requirements will continue to be covered by a mix of, cash on deposit and bank guarantees. Accordingly, the financial report has been prepared on a going concern basis.

(ii) Compliance with IFRS

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for where specifically outlined that an alternative basis has been used within Note 1.

(iv) Critical accounting estimates

The presentation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) Principles of consolidation

(i) Subsidiaries

ERA has no subsidiaries and is referred to in the financial report as the Company or ERA.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to the entity and the criteria pertaining to the transfer of control of goods or rendering of services has been met as described in the sections below.

NOTES TO THE FINANCIAL STATEMENTS

(i) Sale of goods

ERA places all sales through a marketing agreement with Rio Tinto Marketing PTE Limited (Rio Tinto Uranium) based in Singapore (Marketing Agreement).

Certain sales may be provisionally priced at the date revenue is recognised. Sales revenue is accounted for under AASB 15 'Revenue from Contracts with Customers' and subsequent movements in provisionally priced receivables is accounted for under AASB 9 'Financial Instruments'.

Revenue from contracts with customers is recognised on provisionally priced sales based on the selling price for the period stipulated in the contract. This is because it is highly probable that the revenue would not be subject to a significant revenue reversal based on an estimate formed from historical evidence.

As noted above, certain sales may be provisionally priced at the date revenue is recognised. However, all Uranium sales are reflected at final prices in the results for the period due to the majority of sales being settled prior to the period end. The final selling price for all provisional priced products is based on the price for the quotatational period, stipulated in the contract. The change in value of the provisionally priced receivable is based on relevant market prices and is included in sales revenue as noted above.

Sales revenue is recognised on individual sales when control transfers to the customer. This occurs when the uranium transfers from the Company's account at converter locations to its customers account. It is at this stage under the respective arrangement that the company no longer can control or direct goods.

There is only one performance obligation, being for provision of product at the point where control passes.

Sales revenue excludes any applicable sales taxes. Mining royalties payable are presented as an operating cost.

Receipts from sales revenue are generally received 30 days from the date of sale.

(ii) Rendering of services

Revenue from the rendering of services is recognised when the service is provided.

(iii) Other revenue/income

Other revenue/income recognised by the Company includes:

- Interest income, which is recognised on a time proportion basis using the effective interest rate method;
- Rental income, which is recognised on a straight line basis;
- Net gains on disposal of assets, which is recognised at the date control of the asset passes to the acquirer;
- Contract compensation, which is recognised upon cancellation of a sales contract;
- Foreign exchange gains; and
- Insurance recoveries, which is recognised on confirmation from the insurer that the claim payment has been approved.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income; except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(e) Financing costs

Financing costs (including interest) are included in the statement of comprehensive income in the period during which they are incurred; except where they are included in the cost of non-current assets that are currently being developed and will take a substantial period of time to complete. The borrowing costs included in the cost of such developments are those costs that would have been avoided if the expenditure on the development had not been made.

Once the asset is ready for use, the capitalised borrowing costs are depreciated as a part of the carrying amount of the related asset.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's outstanding borrowings during the year.

(f) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates taxable income (Australia).

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates

NOTES TO THE FINANCIAL STATEMENTS

(and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Trade and other receivables

Trade receivables are recognised at fair value.The company applies the forward looking expected credit loss model required by AASB 9, using the simplified approach for its trade receivables portfolio review and the general approach for all other financial assets as required by the standard.

Trade receivables are normally settled within 45 days and are carried at amounts due. The collectability of trade receivables is reviewed on an ongoing basis and specific provisions are made for any doubtful amounts. Receivables which are known to be uncollectible are written off.

Other receivables relate to transactions outside the usual operating activities of the Company and are predominantly concerned with rental receipts from employees and businesses located within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date but are assessed regularly and impaired accordingly.

(h) Financial instruments

Financial assets and financial liabilities are recognised in ERA's Balance Sheet when ERA becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(i) Derivative financial instruments

ERA enters into both forward foreign exchange contracts and gasoil swap contracts. These contracts are used to manage ERA's exposure to US dollar sales and the price of diesel used to run major mine infrastructure.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless ERA has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(ii) Hedge Accounting

ERA designates forward exchange contracts as hedging instruments in the form of cash flow hedges. At the inception of the hedge relationship, ERA documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, ERA documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that ERA actually hedges and the quantity of the hedging instrument that ERA actually uses to hedge that quantity of hedged item.

(iii) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item. Sources of

NOTES TO THE FINANCIAL STATEMENTS

ineffectiveness include the effect of credit risk on the hedging instrument and the mismatch of the timing of settlements between the hedged item and the hedging instrument.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

ERA discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. If the forecast transactions are no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve in equity is reclassified to profit or loss immediately.

Unrecognised gains and losses recorded in the hedge reserve will give rise to a deferred tax asset or liability. This is recorded in the cash flow hedge reserve. ERA then considers if this is recoverable in the event it is a deferred tax asset. In the event it is a deferred tax liability, ERA considers whether unrecognised deferred tax assets should be recognised to offset the liability. Where this occurs the recognition of the deferred tax asset is recorded through income tax benefit in the profit and loss statement.

(iv) Fair value measurement

When measuring the fair value of its assets and liabilities, the Company uses observable market data. All assets and liabilities measured at fair value, including hedging instruments, use Level 1 valuation techniques: quoted prices (adjusted) in active markets for identical assets or liabilities. Note 31, under the heading ‘Fair Value Estimation’, details those balances that are measured at fair value.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value for uranium is determined based on estimated future sales prices, exchange rates and capital and production costs, including transport. Net realisable value for stores is determined based on management’s estimate of the extent to which the inventory is usable.

Inventory is valued using the weighted average cost method and includes both fixed and variable production costs, as well as cash and non-cash charges. For stores, the costing includes solely material purchase prices.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, for example because it exceeds the mine’s cut-off grade, it is valued at the lower of cost and net realisable value.

Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays.

Stores are valued at the lower of cost or net realisable value and are impaired accordingly to take into account obsolescence. The Company discloses obsolescence changes in Note 9.

Uranium inventories are split between a current and non-current assets classification, based on management’s estimate on when it will realise economic benefit from the sale of inventories. Management performs this estimate based on sales schedules with its customers and historical experience around sales timing.

(j) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value, less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction.

The value in use is determined using the present value of the future cashflow expected to be derived from an asset or cash generating unit.

(k) Property, plant and equipment

(i) Acquisition

Items of property, plant and equipment are recorded at historical cost and, except for land, are depreciated over their useful life. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount, or recognised as a separate asset - as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

(ii) Depreciation and amortisation

All ERA’s property, plant and equipment (excluding right of use assets) is currently fully impaired. Property, plant and equipment expenditure incurred is recorded directly in other expenses.

(l) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE FINANCIAL STATEMENTS

The right-of-use asset is shown as a non-current asset and depreciated over the shorter of its useful life and the lease terms on a straight line basis. As right-of-use assets represent an economic benefit they are not impaired, as is the case for other Ranger cash generating unit (CGU) assets.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

Treatment of lease agreements recognised in the rehabilitation provision

Lease payments have been contemplated in the rehabilitation provision. However, once a lease for equipment to be used in rehabilitation activities is entered into a separate lease liability and right-of-use asset is recognised. The rehabilitation obligation is not extinguished by entering into a lease, instead, the rehabilitation obligation is extinguished over time as the leased asset is put to use in executing the rehabilitation program.

Lease payments are allocated to the lease liability, with the interest component allocated to financing cost in the Statement of Comprehensive Income.

Where the right-of-use asset resulting from the lease arrangement is to be used exclusively for rehabilitation, it represents an economic resource which will have a future use in the completion of rehabilitation activity. As such the right-of-use asset is not impaired as is the case for other non-lease Ranger Cash Generating Unit (CGU) assets.

When the right-of-use asset is depreciated, the depreciation charge is allocated to the rehabilitation provision to reduce the outstanding amount provided for in the rehabilitation provision.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to:

- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Construction of underground tunnels, where necessary for exploration drilling;
- Examining and testing extraction and treatment methods; and
- Compiling prefeasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Capitalisation of exploration expenditure commences when there is a high degree of confidence in the projects viability and hence it is probable that future economic benefits will flow to the Company. Capitalised exploration expenditure is reviewed for impairment indicators at each balance sheet date.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resource and the decision was made to discontinue such activities in the specific area; or
- Sufficient data exists to indicate that, although development in the specific area of interest is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Subsequent recovery of the resulting carrying value depends on successful development of the area of interest or sale of the project. If a project does not prove viable, all unrecoverable costs associated with the project and the related impairment provisions are written off. Any impairment provisions raised in previous years are reassessed if there is a change in circumstances, which indicates that they should be reviewed; for example, if it is decided to proceed with development. If the project proceeds to development the amounts included within intangible assets are transferred to property, plant and equipment.

(i) Undeveloped properties

Undeveloped properties are mineral concessions where the intention is to develop and go into production in due course. The carrying values of these assets are reviewed annually by management and the results of these reviews are reported to the Board and Audit and Risk Committee. For accounting purposes, the company reviews for evidence of impairment indicators

NOTES TO THE FINANCIAL STATEMENTS

at each reporting date and, where identified, the recoverable amount is estimated.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset, or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial year, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days. These are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure, adjusted for risk, required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Rehabilitation

The Company is required to rehabilitate the Ranger Project Area upon cessation of mining operations. The costs are estimated on the basis of a closure plan, taking into consideration the technical closure options available to meet the Company's obligations. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to regular reviews.

The amortisation or unwinding of the discount applied in establishing the net present value of provisions is charged to the statement of comprehensive income in each accounting period. The amortisation of the discount is shown as a financing cost. Other movements in the provision for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to lives of operations and revisions to discount rates are capitalised within fixed assets, unless the assets that they relate to are fully written down or impaired - in which case the movement in the provision is allocated directly to the statement of comprehensive income. These capitalised costs are then depreciated on a unit of production basis over the life of the reserves.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the outstanding continuous rehabilitation work at each balance date. All costs of continuous rehabilitation work are charged to the provision as incurred.

Costs are allowed for in the closure provision when they are directly related to rehabilitation of the Ranger Project Area. Costs incurred to operate and manage the site whilst uranium oxide production was occurring were allocated to operating costs. The operation of the Brine Concentrator, pond water management and power station are costs that were allocated to operating costs up until production of uranium oxide ceased (8 January 2021). Following cessation of uranium oxide production these costs are allocated to the closure provision. Costs associated with non-rehabilitation corporate activities remain in operating costs and so are not provided for.

Separately, the Company is required to maintain with the Commonwealth Government the Ranger Rehabilitation Trust Fund (Trust Fund), to provide security against the estimated costs of closing and rehabilitating the mine immediately (rather than upon the planned cessation of mining operations). Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation (APR). The current APR 44 was finalised in February 2020. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by the Company in the Trust Fund, is then determined. The Trust Fund includes both cash and financial guarantees. The cash portion is shown as a government security receivable on the balance sheet (Note 10), and interest received by the Trust Fund is shown as interest income. The balance of bank guarantee is shown at Note 10.

Government security receivable balances are split between current and non-current assets based on management's estimate as to when cash will be received from the Commonwealth Government.

The Company is required to rehabilitate the Jabiluka Mineral Lease upon cessation of operations to a standard specified by the Authorisation to operate issued by the Northern Territory Government. The estimated cost of rehabilitation is currently secured by a bank guarantee.

(q) Employee entitlements

(i) Wages and salaries, annual leave and sick leave

The liability for employee entitlements to wages and salaries represents the amount which the Company has a present obligation to pay, resulting from employees' services provided up to the reporting date. A provision exists for annual leave and accumulating sick leave as it is earned by employees and is measured at the amount expected to be paid when it is settled and includes all related on costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

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(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision of employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using the rates attaching to Commonwealth Government securities at the reporting date, which most closely match the terms of maturity of the related liabilities.

(iii) Superannuation plan

Employees of the Company are entitled to benefits on retirement, disability or death from their membership of the Rio Tinto Staff Superannuation Fund ("The Fund"). The Fund has both a defined benefit and a defined contribution section. Contributions to the defined contribution superannuation plans are expensed in the income statement when incurred.

The Company has no staff who are members of the defined benefits section.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(r) Segment reporting

Management has determined the operating segments based on the reports reviewed by the Chief Executive, used to make strategic decisions. The Chief Executive considers the business from a product perspective.

(s) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and deposits held at call, net of any bank overdrafts.

Cash instruments that qualify as cash equivalents have an original maturity date no greater than 3 months.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been 'rounded off' in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) Share based payments

The fair value of cash settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between accounting dates are recognised as an expense. The grant date fair value of the awards is taken to be the market value of the shares at the date of award. Fair values are subsequently re-measured at each accounting date to reflect the number of awards expected to vest based on the current and anticipated TSR performance. If any awards are ultimately settled in shares, the liability is transferred direct to equity as the consideration for the equity instruments issued.

Equity settled share plans are settled either by the issue of shares by the relevant parent Company, by the purchase of shares on market or by the use of shares previously acquired as part of a share buyback. The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to other reserves.

If the cost of shares acquired to satisfy the plans exceeds the expense charged, the excess is taken to the appropriate reserve. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award (e.g. TSR). The Company uses fair values provided by independent actuaries calculated using a lattice based option valuation model. Non-market based vesting conditions (e.g. earnings per share targets) are taken into account in estimating the number of awards likely to vest.

NOTES TO THE FINANCIAL STATEMENTS

The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

Further information about the treatment of individual share based payment plans is provided in Note 33.

(x) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not adopted the new or amended standards in preparing these financial statements. Management has also concluded that when those new standards become applicable and are adopted there will be anticipated material impact to the balances and transactions of the Company.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing to rehabilitate and restore disturbed land to establish an environment similar to the adjacent Kakadu National Park in line with the Company's statutory obligations.

The costs are estimated on the basis of a closure plan, taking into account considerations of the technical closure options available to meet ERA's obligations. The provision for rehabilitation represents the net present cost at 31 December 2021 of the preferred plan and represents managements best estimate of cost.

In July 2021, ERA commenced a major reforecast of cost and schedule. This followed on from the 2019 Feasibility Study which expanded on the earlier prefeasibility study completed in 2011. The reforecast has continued into early 2022, including an external evaluation of the preliminary findings. The preliminary findings by ERA from its reforecast exercise based on the Ranger rehabilitation project being completed in accordance with the methodology set out in the current Mine Closure Plan 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 (undiscounted nominal terms). The previously announced closure estimate, which was based on the Ranger Project Area closure Feasibility Study finalised in 2019 ("Feasibility Study"), was $973 million (undiscounted nominal terms); 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.

In determining the provision, ERA has considered the preliminary findings from the reforecast as well as potential optimisation of the Pit 3 capping strategy. Further work on the reforecast and alterations to the Pit 3 capping strategy are ongoing.

The reforecast estimate is prepared in nominal terms, it has then been adjusted to real terms by removing the impacts of inflation. This has then been discounted at 1.5% to give a closure provision. The estimated closure provision at 31 December 2021, excluding unrecognised employee termination benefits and an allowance of $1 million for Jabiluka rehabilitation is $1,250 million.

This has resulted in an increase to the provision of $668 million that has been recorded in the Statement of Comprehensive Income.

Key packages of work completed since 2012 include preliminary Pit 3 backfill, Pit 1 capping including design and backfill, completion of bulk dredging works at the Tailings Storage Facility (TSF) and construction of water treatment infrastructure including the brine concentrator, high density sludge (HDS) plant and brine squeezer.

Major activities to complete the rehabilitation plan include bulk material movements, water treatment, demolition and revegetation. Major cost sensitivities include Pit 3 capping, material movements and water treatment.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factors including legal requirements, technological change, weather events and market conditions. It is reasonably possible that outcomes from within the next financial year that are different from the current cost estimate could require material adjustment to the rehabilitation provision for the Ranger Project Area.

Selected risks for the Ranger rehabilitation provision are detailed below.

Tailings consolidation

Bulk dredging works at the Tailings Storage Facility (TSF) were completed in February 2021, with works then shifting to progressing floor and wall cleaning activities which were subsequently completed in late 2021. This process has been more complex and time consuming than planned resulting in adverse impacts to cost and schedule of Pit 3 capping.

NOTES TO THE FINANCIAL STATEMENTS

During the final capping process the tailings in Pit 3 will consolidate and express process water, which will need to be collected and treated. The consolidation process will be aided by installing vertical wicks and the knowledge of the consolidation timeframes is backed up by a detailed model based on in situ testing of site tailings. The consolidation model predictions of rates of process water expression is impacted by many factors, including tailings density and other characteristics, deposition method and free process water volume in the pit during deposition.

These impacts have been considered in the reforecast, but to the extent tailings consolidation and process water expression extend further could have additional adverse impacts on cost and schedule of completing rehabilitation.

Process water

Projects continue to progress in order to increase process water treatment capacity, including the completion of the brine concentrator expansion project.

Treatment of process water is critical to completing rehabilitation. As previously noted, the Feasibility Study and reforecast assumed a long-term average annual rainfall for the region in forecasting future water treatment requirements. Annual rainfall can vary from year to year. Historically, the region has seen higher than average rainfall in periods of 'La Nina' and this continued in 2020/21 with higher than average rainfall recorded.

Overall, process water volumes are sensitive to many factors. Any additional water would require treating through ERA's process water treatment infrastructure, in large part the brine concentrator. Water volumes can vary due to:

- Additional rainfall above an average wet season;
- The performance of water treatment plants, including new smaller scale plants that have recently come online;
- The timing of closure of which water catchments occurs; and
- The volume and timing of water expressed from tailings.

Process Water salt disposal

As a result of treating process water a waste stream of contaminated salt is generated. The salt is ultimately to be stored below tailings in Pit 3 via injecting the brine through bore holes. Recommissioning activities for this infrastructure have successfully occurred although the long term performance is yet to be fully confirmed. Should the disposal of salt in this manner not prove viable an alternate method of salt disposal would be required. This could require significant additional capital expenditure, which has not been allowed for in either the schedule or cost estimate and may not be available to ERA.

Bulk material movement

Pit 3 bulk material movements are sensitive to the volume of material which is to be moved and the schedule of movement.

Other factors

In addition to the factors identified above there are many additional items that the estimate could be impacted by, including: evaporation rates, stakeholder requirements, higher costs of refurbishing Jabiru township housing, engineering studies, other site contaminants, plant mortality and project support costs.

In estimating the rehabilitation provision ERA has prepared its best estimate of costs and schedule, taking into consideration the risk factors identified above.

Cash flow timing

The company estimates the presentation of its rehabilitation provision between current and non-current liabilities, based on anticipated timing of expenditure from updated cash flow forecasts.

(b) Taxation

ERA has approximately $225 million tax losses (at 30 per cent) that are not recognised as deferred tax assets due to uncertainty regarding ERA's ability to generate adequate levels of future taxable profits. This treatment is reviewed at each reporting date. Should future taxable profits eventuate this treatment will not impact ERA's ability to utilise available tax losses in future periods.

Judgement is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgements and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

(c) Asset carrying values

ERA has two cash generating units (CGUs); the Ranger Project Area and the Jabiluka Mineral Lease. The Ranger CGU includes all assets and liabilities related to activities on the Ranger Project Area, including the rehabilitation provision. The Jabiluka Undeveloped Property relates to the Jabiluka Mineral Lease, which is currently under a Long Term Care and Maintenance Agreement with Traditional Owners.

At 31 December 2021 the property, plant and equipment in the Ranger CGU continues to be fully impaired. When capital expenditure is incurred it is immediately expensed to the Statement of Comprehensive Income. For the year ended 31 December 2021, $0.04 million in capital expenditure was expensed.

At the end of each reporting period, ERA assesses whether there are any indications that ERA's CGUs may be impaired or circumstances have changed to indicate reversal of prior impairments. This requires judgement in analysing possible impacts caused by factors such as the price of uranium oxide, foreign exchange movements, operating and capital estimates, discount rate, project progression and Traditional Owner relationships.

ERA assessed the recoverable amount using a fair value less costs of disposal (FVLCD) method. ERA conducts impairment testing using a probability-weighted discounted cash flow model.

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(d) Undeveloped Properties Judgements

Undeveloped properties are considered assets not yet ready for use. In reporting periods where impairment testing is required, the recoverable amount of the undeveloped properties is determined using the fair value less costs of disposal method. Undeveloped properties consist of the Jabiluka Mineral Lease.

The Jabiluka Mineral Lease is currently subject to a Long Term Care and Maintenance Agreement with Traditional Owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

The valuation of the Jabiluka Mineral Lease requires a high degree of judgment. To determine the fair value, ERA uses a probability weighted discounted cash flow model, based on post-tax cash flows expressed in real terms, estimated until the end of the life of mine plan and discounted using an asset-specific post-tax real discount rate. Results are cross checked against market valuations of other undeveloped mining projects in the uranium industry and the broader mining sector, including market valuations of mining assets subject to long term approval constraints. The approach has been reviewed by an external valuation expert.

ERA regularly reviews and updates these assumptions and assesses potential impairment indicators and impairment reversal indicators. In December 2021, the review did not identify any indicators that the carrying amount of the Jabiluka Undeveloped Property may not be recovered in full from successful development or sale.

While some improvement in macro-economic factors has been identified since the prior impairment, it was determined it was too early, and significant volatility remains, to conclude whether these would be sustained. As such, no indicators were identified that the previously recorded impairment should be reversed. This review primarily considered the following key factors:

- Uranium price changes based on the average of two reputable market analysis firms on the long term uranium oxide price and the ongoing presence of a contract price premium;
- Long term consensus forecast Australian/US dollar exchange rates;
- Probability and timing of development and ongoing stakeholder relations; and
- Applicable discount rate.

The review of these factors did not identify any material changes that would warrant a full impairment or impairment reversal review to be conducted. As a result the carrying value of the Jabiluka Undeveloped Property remains at $90 million.

Key assumptions to which the Jabiluka model is sensitive include: the probability of future development (which includes an assessment of obtaining any required approval and/or support of various stakeholders, including the Traditional Owners, regulatory bodies and shareholders), uranium oxide prices (including term contract price premiums in the future), foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources, lease tenure renewal (January 2024) and development delays. A change in these assumptions may result in further impairment.

Selected downside sensitivities to the fair value of the Jabiluka CGU at 31 December 2021 are summarised below. Based on current assumptions, no single change in the below sensitivities would result in further impairment, however should all occur full impairment would result.

Sensitivity	Impact on value $million
-5 per cent change in forecast uranium oxide price	(75)
+20 per cent change in development capital	(133)
+5 per cent change in forecast Australian/US dollar exchange rates	(69)
+1 per cent change in discount rate	(75)

ERA's view remains that Jabiluka is a large, high quality uranium ore body of global significance.

(e) Uranium Inventory net realisable value

The calculation of net realisable value is sensitive to key assumptions including: uranium price, Australia/US dollar exchange rate and, where applicable, costs to complete. The sales price of uranium oxide is denominated in US dollars, so fluctuations in the Australian/US dollar exchange rate will affect the proceeds received from sales and consequently the recoverable amount.

Inventories are carried at the lower of cost or net realisable value in accordance with AASB 102.

Where necessary the net realisable value adjustments are included in 'Changes in inventories' in the statement of comprehensive income.

(f) Employee Benefits Judgements

Following the cessation of processing on the Ranger Project Area on 8 January 2021 and ERA's transition to closure phase there has been a significant reduction in the Company workforce, triggering certain Termination Benefits. The total provision recognised in line with Australian Accounting Standards is $0.9 million and is based on updated workforce requirements gathered as part of the major rehabilitation forecast. This is a current liability based on the balance being payable within one year.

Potential termination payments beyond 2022 are yet to be recognised due to the level of uncertainty regarding quantum and timing.

NOTES TO THE FINANCIAL STATEMENTS

3 Revenue

	2021 $'000	2020 $'000
REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	190,347	242,222
Rendering of services	-	235
Total sales revenue	190,347	242,457
Other revenue		
Interest received/receivable, other parties	1,942	5,582
Rent received	862	857
Contract compensation (uranium oxide)	-	1,922
Asset sales and recoveries	407	2
Net gain on non-hedge forward contracts	7,449	3,962
Net revenue foreign exchange gain / (loss)	-	109
Total other revenue	10,660	12,434
Total revenue from continuing operations	201,007	254,891

4 Expenses

	NOTES	2021 $'000	2020 $'000
PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:			
Cost of sales			
Third party produced product U308		-	971
Produced product (uranium oxide)		120,830	164,095
Total cost of sales		120,830	165,066
Government and other royalties			
Royalty payments	25	2,248	2,845
Payments to Indigenous interests	25	7,643	9,672
Total government and other royalties		9,981	12,517
Financing costs			
Other parties		732	1,052
Unwinding of discount (rehabilitation provision)	20	18,797	23,897
Total financing costs		19,529	24,949
Other expenses			
Property, plant and equipment expensed		43	193
Office and other expenses		581	268
Total other expenses		624	461

NOTES TO THE FINANCIAL STATEMENTS

	2021 $'000	2020 $'000
Other individually significant expenses		
Short term and low value leases	16	137
Interest expense related to leases	13	59
Sustainability payment to Indigenous interests	2,108	2,094
Defined contribution superannuation expense	506	4,009

5 Income tax expense/(benefit)

	2021 $'000	2020 $'000
INCOME TAX EXPENSE/(BENEFIT)		
Current tax	2,817	(2,817)
Deferred tax	-	-
Income tax expense/(benefit)	2,817	(2,817)
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (Note 21B)	564	1,353
(Decrease)/increase in deferred tax liabilities (Note 21A)	(564)	(1,353)
Deferred tax	-	-
RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Operating profit before income tax	(647,395)	8,643
Tax at the Australian tax rate of 30% (2020: 30%)	(194,219)	2,593
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Derecognition of deferred tax assets	216,328	4,373
Rehabilitation expenditure	(18,897)	(10,301)
Other items	(395)	518
Income tax expense/(benefit)	2,817	(2,817)

No deferred tax asset is recognised due to uncertainty over ERA's ability to generate future taxable profits.

6 Dividends

Dividends paid or declared

No dividends have been paid or declared for the year ended 31 December 2021 (2020: nil).

Dividends franking account

	2021 $'000	2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	234,095	234,095

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax as applicable.

The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.

NOTES TO THE FINANCIAL STATEMENTS

7 Cash and cash equivalents

	2021 $'000	2020 $'000
CURRENT		
Cash at bank and in hand	55,658	15,588
Deposits at call	108,214	188,762
Cash and cash equivalents	163,872	204,350

Cash at bank/Deposits at call

Cash assets and deposits bear floating interest rates between 0 per cent and 0.46 per cent (2020: 0.0 per cent and 1.74 per cent).

Interest rate risk exposure

The Company's exposure to interest rate risk is discussed in Note 31.

8 Trade and other receivables

	2021 $'000	2020 $'000
CURRENT		
Trade debtors	2,045	3,219
Amounts due from related parties	27,017	2,187
Other debtors	4,313	2,382
Trade and other receivables	33,375	7,788

Impairment of receivables

No trade receivables are past due. There is no impairment of trade receivables.

Other debtors relate to transactions outside the usual operating activities of the Company and are predominately concerned with receipts from employees and businesses operating within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date.

Foreign exchange and interest rate risk

The Company operates internationally, but is primarily exposed to foreign exchange risk arising from currency exposures with respect to the US dollar.

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in Note 31.

Fair value and credit risk

Due to the short-term nature of trade and other receivables their carrying amount approximates their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

The Company does not hold any collateral as security. Refer to Note 31 for more information on the financial risk management policy of the Company.

NOTES TO THE FINANCIAL STATEMENTS

9 Inventories – current

	2021 $'000	2020 $'000
Stores and spares	7,089	5,931
Work in progress at cost	-	776
Finished product U_3O_8 at cost	22,524	125,997
Total current inventory	29,613	132,704

Inventory expense

Obsolescence of inventory (stores and spares) provided for and recognised as an expense during the year ended 31 December 2021 amounted to $715,422 (2020: $5,346,529). This amount has been included in Materials and Consumables used within the Statement of Comprehensive Income.

10 Government security receivable

	2021 $'000	2020 $'000
CURRENT		
Government security receivable	65,400	123,316

Each year, ERA is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the Annual Plan is then independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees.

The Commonwealth Government finalised its review in February 2020, the Commonwealth Government confirmed a revised security amount of $655 million. In order to meet its statutory obligation, ERA contributed $454 million from the Entitlement Offer proceeds during the period, adding to balances held in the prior period of $77 million, with a total of $531 million as cash held on deposit with the Department of Industry, Science, Energy and Resources (DISER) and $125 million in bank guarantees.

The cash held as security is invested in term deposits to optimise returns whilst providing appropriate security. This is disclosed as a government security receivable in the Balance Sheet.

ERA's ability to continue to access financial guarantees can be influenced by many factors, including future cash balance, cash flows and shareholder support. Issuers of the bank guarantees have certain pay and walk rights and the guarantees are subject to periodic reviews. Should the banks execute their pay and walk rights or ERA is unable to access bank guarantees, substantial additional cash would be required to indemnify the banks or be deposited into the Trust Fund.

The 45th Annual Plan of Rehabilitation is currently being undertaken to align with the conclusion of processing on 8 January 2021 and consider impacts identified through the rehabilitation reforecast process. This review may revise the determined security position.

As rehabilitation progresses the security requirement is expected to decrease largely in line with the annual rehabilitation spend and cash and/or bank guarantees will be withdrawn from the Trust Fund. Drawdown is subject to approval by the Commonwealth Government, consequently there remains a risk to the Company's liquidity and financial position should the Trust Fund security value not reduce broadly in line with the Company's forecast rehabilitation spend.

It is estimated that a portion of the government security receivable will be returned to the Company within the next 12 months. In determining the resulting portion that is held as a current asset, the Company has determined it appropriate to consider that completed packages of work will be refunded to the company to the extent they were allowed for in the APR. This portion has been recorded as a current asset.

Cash flows to/from the fund are considered to be advances to/from a third party and therefore disclosed under Investing Activities.

The applicable weighted average interest rate for the year ended 31 December 2021 was 0.30 percent (2020: 0.85 per cent).

NOTES TO THE FINANCIAL STATEMENTS

11 Derivative financial instruments

	2021 $'000	2020 $'000
FINANCIAL ASSETS - CURRENT		
Forward exchange contracts (designated hedge)	-	9,391
Gasoil swap contracts (non designated hedge)	3,451	3,032
Total current financial assets	3,451	12,423

Forward foreign exchange contracts

The forward exchange contracts have been designated and are effective as a hedging instrument.

The forward exchange contracts are measured at fair value on a recurring basis using a Discounted Cash Flows methodology. The contracts are valued using market quoted forward exchange rates as inputs and, when material, discounted based on applicable yield curves derived from market quoted interest rates.

The Company did not have any sources of hedge ineffectiveness emerging in designated relationships.

Gasoil swap contracts

The Gasoil swaps have been measured at fair value, with the resulting gains recorded in the profit and loss.

The Gasoil swap contracts are measured at fair value on a recurring basis using a Discounted Cash Flows methodology. The contracts are valued, using market quoted forward exchange rates as inputs and when material discounted based on applicable yield curves derived from market quoted interest rates.

Gasoil swap contracts will mature as follows and are recorded as a non-current asset when maturity is greater than 1 year. The following table details ERA's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted cash flows. Settlement of the Gas Oil swap contracts occur on a net cash flow basis, based on the spot price at settlement.

Buy Gasoil	Notional ($ million)	$ per barrel
Less than 1 year (US$)	US$1.9	US$51.75
Less than 1 year (A$)	A$4.7	A$89.00
Greater then 1 year less than 2 years	-	-

At 31 December 2021, had the Gasoil forward price weakened/strengthened by 10 per cent with all other variables held constant. The change in financial assets would have affected pre tax profit for the half year by $1.1 million.

12 Other assets

	2021 $'000	2020 $'000
Prepayments	829	2,030

NOTES TO THE FINANCIAL STATEMENTS

13 Inventories – non-current

	2021 $'000	2020 $'000
Finished product U_3O_8 at cost	-	15,423

14 Undeveloped properties

	2021 $'000	2020 $'000
Jabiluka: Long-term care and maintenance development project		
Balance brought forward	89,856	89,856
Amount capitalised during the year	-	-
Non-cash impairment change	-	-
Total undeveloped properties	89,856	89,856

Undeveloped properties are considered an asset not yet ready for use. In reporting periods where impairment testing is required, the recoverable amount of undeveloped properties is determined using the fair value, less costs of disposal method.

Fair value, less costs of disposal is determined using a discounted cash flow model. In 2021 no impairment test was required as a trigger assessment did not identify any indicators that the carrying amount of the Jabiluka Undeveloped Property may not be recoverable in full from successful development or sale. Key assumptions the fair value is most sensitive to include:

- Uranium prices;
- Foreign exchange rates;
- Production and capital costs;
- Discount rate;
- Ore Reserves and Mineral Resources; and
- Probability and timing of future development and ongoing stakeholder relations.

The recoverable amount is dependent on the development and life of the ore body together with the term and continuity of the mining lease. It reflects expected future cashflows contained in the long term asset plan with an adjustment of cashflows expected to take into account project development risk. The Company has projected cashflows for the period of the current mining lease, together with a ten year renewal period.

Further details can be found in Note 2(d).

The Jabiluka Mineral Lease is currently subject to Long Term Care and Maintenance Agreement with Traditional Owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future the Jabiluka Undeveloped Property would face full impairment.

The discount rate applied to the future cash flow forecasts represents an estimate of the rate the market would apply, having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

15 Property, plant and equipment

	MINE LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MINE PROPERTIES $'000	REHAB-ILITATION $'000	RIGHT OF USE ASSETS $'000	TOTAL $'000
YEAR ENDED 31 DECEMBER 2021						
Opening net book amount	-	-	-	-	1,756	1,756
Additions	-	43	-	-	-	43
Disposals	-	-	-	-	-	-
Change in lease term	-	-	-	-	(83)	(83)
Depreciation charged to rehabilitation provision	-	-	-	-	(1,227)	(1,227)
Depreciation/amortisation charge/ write-offs	-	-	-	-	(354)	(354)
Additions immediately impaired	-	(43)	-	-	-	(43)
Closing net book amount	-	-	-	-	92	92
Cost	110,845	1,179,583	421,700	342,327	5,183	2,059,638
Accumulated depreciation/ amortisation/impairment/write-offs	(110,845)	(1,179,583)	(421,700)	(342,327)	(5,091)	(2,059,546)
Net book amount	-	-	-	-	92	92
YEAR ENDED 31 DECEMBER 2020						
Opening net book amount	-	-	-	-	4,213	4,213
Additions	-	193	-	-	-	193
Disposals	-	-	-	-	-	-
Depreciation charged to rehabilitation provision	-	-	-	-	(2,104)	(2,104)
Depreciation/amortisation charge/ write-offs	-	-	-	-	(353)	(353)
Additions immediately impaired	-	(193)	-	-	-	(193)
Closing net book amount	-	-	-	-	1,756	1,756
Cost	110,845	1,179,540	421,700	342,327	5,266	2,059,678
Accumulated depreciation/ amortisation/impairment/write-offs	(110,845)	(1,179,540)	(421,700)	(342,327)	(3,510)	(2,057,922)
Net book amount	-	-	-	-	1,756	1,756

NOTES TO THE FINANCIAL STATEMENTS

Right of use assets
Right of use assets include building costs of $528,000. Right of use to equipment used for rehabilitation of $1,228,000 ceased in 2021.

Assets under construction
There were no property, plant and equipment assets used in the course of construction.

16 Derivative financial instruments

	2021 $'000	2020 $'000
FINANCIAL ASSETS - NON CURRENT		
Gasoil swap contracts	-	580
Total non-current financial assets	-	580

17 Government security receivable

	2021 $'000	2020 $'000
NON-CURRENT		
Government security receivable	469,442	409,927

Further details are provided in Note 10.

18 Trade and other payables

	2021 $'000	2020 $'000
CURRENT		
Trade payables	34,331	34,144
Amounts due to related parties	2,074	4,309
Other payables	398	837
Total trade and other payables	36,803	39,290

19 Provisions – current

	2021 $'000	2020 $'000
CURRENT		
Employee benefits	9,834	25,471
Rehabilitation	222,898	162,928
Total current provisions	232,732	188,399

Employee benefits provision
During 2021 a provision for benefits payable on termination of employment continued to be recognised. A total of $0.9 million was recognised as payable in 2022 and has been recognised as a current liability. Further details are in Note 2(f). The remaining employer benefits relate to annual leave and long service leave. Entitlements currently payable are classified as current provisions and entitlements due in greater than 12 months are classified as non-current provisions.

NOTES TO THE FINANCIAL STATEMENTS

Movements in rehabilitation provision

Movements in the rehabilitation provision during the financial year are set out below:

	REHABILITATION $'000
2021	
Carrying amount at the start of the year	162,928
Payments	(153,149)
Utilisation of lease assets	(1,227)
Transfer from non-current provision	214,346
Carrying amount at the end of the year	222,898

	REHABILITATION $'000
2020	
Carrying amount at the start of the year	123,495
Payments	(80,190)
Utilisation of lease assets	(2,104)
Transfer from non-current provision	121,727
Carrying amount at the end of the year	162,928

20 Provisions – non-current

	2021 $'000	2020 $'000
NON-CURRENT		
Employee benefits (Note 19)	753	745
Rehabilitation	1,027,971	555,371
Carrying amount at the end of the year	1,028,724	556,116

Movements in rehabilitation provision

As a result of the Ranger Cash Generating Unit being fully impaired in 2016 and the cessation of uranium production in January 2021, the 2021 changes in rehabilitation estimates were allocated directly to the Statement of Comprehensive Income. Movements in the rehabilitation provision during the financial year are set out below:

	REHABILITATION $'000
2021	
Carrying amount at the start of the year	555,371
Change in estimate	668,149
Change in discount rate	-
Unwinding of discount	18,797
Transfer to current provision	(214,346)
Carrying amount at the end of the year	1,027,971

NOTES TO THE FINANCIAL STATEMENTS

	REHABILITATION $'000
2020	
Carrying amount at the start of the year	646,672
Change in estimate	(2,572)
Change in discount rate	9,101
Unwinding of discount	23,897
Transfer to current provision	(121,727)
Carrying amount at the end of the year	555,371

21 Deferred tax liability

	2021 $'000	2020 $'000
(A) DEFERRED TAX LIABILITY		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Government security receivable	23,022	23,022
Inventories	1,851	2,354
Receivables	351	412
Total deferred tax liabilities	25,224	25,788
Set-off of deferred tax asset pursuant to set-off provisions (Note 21B)	(25,224)	(25,788)
Net deferred tax liabilities	-	-
Movements		
Opening balance at 1 January	25,788	27,141
(Credited)/debited to the income statement (Note 5)	(564)	(1,353)
Closing balance at 31 December	25,224	25,788

	2021 $'000	2020 $'000
(B) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Rehabilitation provision	16,148	11,152
Employee provisions	3,166	9,078
Other	5,910	5,558
Total deferred tax assets	25,224	25,788
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 21A)	(25,244)	(25,788)
Net deferred tax assets	-	-
Movements		
Opening balance at 1 January	25,788	27,141
Credit/(debited) to the income statement (Note 5)	(564)	(1,353)
Closing balance at 31 December	25,224	25,788

NOTES TO THE FINANCIAL STATEMENTS

22 Share capital

	2021 SHARES	2020 SHARES	2021 $'000	2020 $'000
SHARE CAPITAL				
A Class shares fully paid	3,691,383,198	3,691,383,198	1,177,656	1,177,656
Total contributed equity			1,177,656	1,177,656

	2021 '000	2020 '000
Movements		
A Class shares fully paid		
Share capital at the start of the year	3,691,383	517,725
Shares issued during the year (at $0.15 per share)	-	3,173,658
Share capital at the end of the financial year	3,691,383	3,691,383
Total contributed equity		
Contributed equity at the start of the year	1,177,656	706,485
Additional contribution of equity ($0.15 per share for 3,173,658,137 shares)	-	476,049
Share issuance costs	-	(4,878)
Contributed equity at the end of the year	1,177,656	1,177,656

As announced on 20 February 2020, ERA's fully underwritten 6.13 for 1 pro rata renounceable entitlement offer of new fully paid shares to raise approximately $476 million closed successfully in February 2020. The proceeds, to be used primarily to fund ERA's statutory rehabilitation obligations for the Ranger Project Area, have been invested in short duration term deposits across a variety of Australian deposit taking institutions.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a shareholders' meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

Details of the Company's exposure to risks when managing capital are set out in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

23 Reserves and retained profits

	2021 $'000	2020 $'000
RESERVES		
Share-based payments reserve	(906)	(691)
Capital reconstruction	389,500	389,500
Cashflow hedge reserve	-	6,574
Total reserves	388,594	395,383
Movements		
Share-based payments reserve		
Balance 1 January	(691)	(752)
Share-based payments expense / (reversal)	(215)	61
Balance 31 December	(906)	(691)
Capital reconstruction		
Balance 1 January	389,500	389,500
Movements	-	-
Balance 31 December	389,500	389,500
Cashflow hedge reserve		
Balance at 1 January	6,574	-
Unsettled change in fair value (before tax)	(9,391)	9,391
Tax on unsettled change in fair value	2,817	(2,817)
Gain on changes in fair value of settled hedges	9,561	4,707
Gain on changes in fair value reclassified to profit or loss	(9,561)	(4,707)
Balance 31 December	-	6,574
ACCUMULATED LOSSES		
Movements in accumulated losses were as follows:		
Opening accumulated losses – 1 January	(1,358,460)	(1,369,920)
Net profit (loss) for the year	(650,212)	11,460
Closing accumulated losses – 31 December	(2,008,672)	(1,358,460)

Nature and purpose of reserves

Share based payments reserve
Share based payments reserve is used to recognise the fair value of equity instruments issued to employees but not exercised.

Capital reconstruction reserve
In June 1995, the Company reduced its share capital by cancelling $0.95 of the capital paid up on each issued share and reducing the par value of each issued share from $1.00 to $0.05. The cancelled capital (comprising $389,500,000 in total) was credited to a Capital Reconstruction Reserve. The Company has the ability to distribute capital to shareholders from this reserve.

Cashflow hedge reserve
The nature of the Cashflow hedge reserve is described in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

24 Contingencies

Contingent liabilities

Potentially material legal actions against the Company:

The remaining argument in the action listed in the Federal Court against the former Commonwealth Minister for Resources and the Company claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative is dormant. Should the Company proceed with the Jabiluka Mill Alternative, notice will be given to the applicant who may or may not wish to pursue the argument further.

No material losses are anticipated in respect of the contingent liability disclosed above.

25 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date is as follows:

	2021 $'000	2020 $'000
Within one year	-	43

Lease commitments

Future lease payments for short term and low value leases not provided for in the financial statements and payable:

	2021 $'000	2020 $'000
Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities, payable;		
Within one year	-	65
Later than one year but not later than five years	-	-
Total short term and low value leases	-	65

The Company, from time to time, leases information technology equipment and small site tooling under short term and low value leases expiring in less than one year.

Lease commitments recognised in the balance sheet

Lease liabilities recognised in the balance sheet are classified as a current liability when payable within one year and a non-current liability when payable in greater than one year. No leases have payments due in greater than three years.

Mineral tenement leases

Future mineral tenement lease payments not provided for in the financial statements and payable:

	2021 $'000	2020 $'000
Within one year	1,235	1,197
Later than one year but not later than five years	3,659	4,841
Later than five years	-	-
Total mineral tenement leases	4,894	6,038

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay an amount of $1.2 million in the year ending 31 December 2022 in respect of tenement lease rentals. This includes payments for the Ranger Project Area and Jabiluka Lease.

NOTES TO THE FINANCIAL STATEMENTS

The Company is liable to make payments to the Commonwealth as listed below:

(i) An annual amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement for rent for the duration of the agreement. This amounted to $1,074,791 for 2021 and is indexed for future years.

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginal Benefits Reserve pursuant to a determination under Section 63(5) (b) of the Aboriginal Land Rights (Northern Territory) Act 1976. The Company is required to pay 2.5 per cent of Ranger net sales revenue to the Commonwealth and 1.75 per cent of Ranger net sales revenue to the Northern Land Council, or an entity representing the Mirarr Traditional Owners as directed by the Northern Land Council (amounts paid during 2021: $7,643,160; 2020: $9,672,272).

(iii) Amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25 per cent of Ranger net sales revenue (amounts paid during 2021: $2,247,988; 2020: $2,844,786).

The Company is liable to make payments to the Northern Land Council pursuant to the Section 43 Agreement between Pancontinental Mining Limited and Getty Oil Development Company Limited and the Northern Land Council dated 21 July 1982, which was assigned to the Company with the consent of the Northern Land Council, as listed below:

(i) Up front payment of $3,400,000 on the commencement of production at Jabiluka.

(ii) Annual royalty payments calculated at 4.5 per cent of net sales revenue, less $500,000 less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the Jabiluka Mineral Lease for the first 10 years and thereafter at 5 per cent of net sales revenue, less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the mineral lease (refer commitment below).

The Company is liable to make payments to the Commonwealth in respect of the Jabiluka project pursuant to the conditions attached to the mineral lease. The amount payable was, until 30 June 1990, calculated at the rate of 5.25 per cent of net sales revenue from the Jabiluka project. The Jabiluka project is now under long term care and maintenance and will not be developed without the consent of the Mirarr Traditional Owners.

26 Auditor’s remuneration

During the year the auditor of the Company earned the following remuneration:

	2021 $’000	2020 $’000
KPMG Australian firm		
Audit and review of financial reports	291	215
Audit and review of financial reports (additional prior year fees)	37	-
Other non-audit related services	-	-
Total remuneration of KPMG Australia	328	215
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	-	-
Audit and review of financial reports (additional prior year fees)	-	31
Other non-audit related services	-	-
Total remuneration of PricewaterhouseCoopers Australia	-	31
Total remuneration paid	328	246

NOTES TO THE FINANCIAL STATEMENTS

27 Related parties

Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows:

Peter Mansell, Shane Charles, Paul Dowd, Paul Arnold (resigned 4 October 2021), Justin Carey, Marcia Hanrahan (resigned 28 April 2021) and Jacques van Tonder.

Information relating to Directors' compensation, shareholdings and retirement benefits is set out in the Remuneration Report in the Directors' Report.

Key management personnel

Key management personnel and Directors' compensation

	2021 $'000	2020 $'000
Short-term employee benefits	2,988	3,449
Post-employment benefits	201	168
Share-based payments	491	509
	3,680	4,126

In compliance with *Corporations Regulations 2001* 2M.3.03 the Company has provided detailed remuneration disclosures in the Directors' Report. The relevant information can be found in the Remuneration Report on pages 33 to 48.

Loans with Directors and key management personnel

There were no loans with Directors or key management personnel during 2021 (2020: nil).

Transactions with Directors and Director-related entities

There were no transactions with Directors or Director-related entities other than Rio Tinto Limited during 2021 (2020: nil). Details of transactions with Rio Tinto Group Companies are outlined below.

Ultimate parent entity

The ultimate parent entity is Rio Tinto Limited. This interest is held through North Limited (incorporated in Victoria, Australia) which has beneficial ownership of 86.3 per cent of the issued ordinary shares of the Company. North Ltd owns 52.0 per cent directly and the remaining 34.3 per cent through its subsidiary, Peko-Wallsend Pty Ltd. This follows the completion of the Entitlement Offer on 25 February 2020, prior to this Rio Tinto Limited held 68.4 per cent.

Interest income

Interest income is received from Rio Tinto Finance Ltd which holds cash on behalf of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Transactions with related parties

The following transactions occurred with related parties:

	2021 $'000	2020 $'000
Management services fees paid to ultimate parent entity:		
Rio Tinto Group Companies	-	-
Consulting fees paid to:		
Rio Tinto Group Companies	(1,145)	(1,271)
Other reimbursements paid for commercial services received:		
Rio Tinto Group Companies	(10,883)	(15,229)
Amounts received from related parties:		
Rio Tinto Group Companies – sales	190,347	242,222
Rio Tinto Group Companies – interest	172	556
Rio Tinto Group Companies – employee transfers and minor receipts	2,067	870
Dividends paid to:		
Related parties – North Ltd	-	-
Related parties – Peko-Wallsend Pty Ltd	-	-

Amounts received from related parties include sales of uranium oxide at market price. The Company is party to a marketing agreement with Rio Tinto Uranium on the basis that it represented a superior value to the Company than alternative marketing agreements considered. Under the marketing agreement, uranium oxide produced by the Company is sold to Rio Tinto Uranium; a related party of Rio Tinto plc.

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Aggregate amounts received from and payable to each class of other related parties at balance date were as follows:	2021 $'000	2020 $'000
Current assets – cash assets		
Related parties – Rio Tinto Finance Ltd	86,040	61,657
Current assets – receivables		
Related parties – Rio Tinto Group Companies	27,017	2,187
Current liabilities – creditors		
Related parties – Rio Tinto Group Companies	2,074	4,309
Current liabilities – income received in advance		
Related parties – Rio Tinto Group Companies	-	-

All related party transactions were conducted on arm's length terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

28 Segment information

Description of segments

Management has determined the operating segment based on the reports reviewed by the Chief Executive that are used to make strategic decisions.

The Chief Executive considers the business from a product prospective and has identified only one reportable segment in the year ended 31 December 2021, being the processing, selling of uranium and site rehabilitation. There are no other unallocated operations.

Primary reporting – business segments

The segment information provided to the Chief Executive for the reportable segment is as follows:

	URANIUM	
	2021 $'000	2020 $'000
Revenue from external customers	190,347	242,457
Other revenue	10,660	12,434
Total segment revenue	201,007	254,891
Segment result	(647,395)	8,643
Income tax benefit	(2,817)	2,817
Profit/(loss) for the year	(650,212)	11,460
Segment assets	855,930	1,000,153
Total assets	855,930	1,000,153
Segment liabilities	1,298,352	785,574
Total liabilities	1,298,352	785,574
Acquisitions of non-current assets	43	193
Depreciation and amortisation expenses	354	353

Other segment information

Segment revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the income statement.

Revenues from external customers are derived from the sale of uranium. A breakdown of revenue and results is provided in the tables below. Segment revenue reconciles to total revenue from continuing operations as disclosed in Note 3.

The Company is domiciled in Australia. The result of its revenue from external customers in other countries is outlined in the table below:

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS	
	2021 $'000	2020 $'000
Asia	190,347	242,222
Total revenue	190,347	242,222

Segment revenues are allocated based on the country in which the customer is located. During 2017 the Company entered into a revised marketing agreement with Rio Tinto Uranium based in Asia. All uranium sales are to this customer. Details are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

Segment assets

The amounts provided to the Chief Executive with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other assets, net of provisions.

All assets of the Company as at 31 December 2021 are in Australia with the exception of inventories in transit, or at converters of $22,524,134 (2020: $94,161,318). All acquisitions of property, plant and equipment and other non-current assets occurred in Australia.

Segment liabilities

The amounts provided to the Chief Executive with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. The Company does not have any borrowings as at 31 December 2021.

29 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	2021 $'000	2020 $'000
Profit/Loss for the year	(650,212)	11,460
Add/(less) items classified as investing/financing activities:		
Net (gain)/loss on sale or write-off of non-current assets	126	193
Net (gain)/loss on non hedge financial assets	161	(3,612)
Add/(less) non-cash items:		
Depreciation and amortisation	354	353
Rehabilitation provision: unwinding of discount	18,797	23,897
Change in closure estimate	668,149	6,529
Employee benefits: share based payments	620	1,677
Interest on government security receivable	(1,599)	(2,909)
Recovery at deferred tax assets on hedge	2,817	(2,817)
Net exchange differences	(11)	2
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(25,587)	1,612
(Increase)/decrease in inventories	118,514	24,272
(Increase)/decrease in other assets	1,204	1,663
(Decrease)/increase in payables	(2,487)	(2,174)
(Decrease)/increase in provisions	(168,780)	(79,426)
Net cash inflow/(outflow) provided from operating activities	(37,934)	(19,280)

NOTES TO THE FINANCIAL STATEMENTS

30 Earnings per share

	2021 CENTS	2020 CENTS
Basic earnings/(loss) per share	(17.6)	0.4
Diluted earnings/(loss) per share	(17.6)	0.4

Earnings/(loss) used in the calculation of basic and diluted earnings per share: 2021: ($650,212,207) (2020: $11,460,136).

Weighted average number of ordinary shares on issue used in calculation of basic earnings per share: 2021: 3,691,383,198 shares (2020: 3,204,465,785).

31 Financial risk management

The Company carries out risk management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and other risks, use of derivative and non-derivative financial instruments.

The Company operates entirely in Australia and is exposed primarily to Australian dollar denominated costs. Sales are primarily denominated in US dollars.

Market risk

The Company markets its products internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2021 USD $'000	2020 USD $'000
Trade receivables	19,402	1,436
Trade payables	(346)	(3,329)

Group sensitivity

At 31 December 2021, had the Australian Dollar weakened/strengthened by 10 per cent against the US Dollar with all other variables held constant, the change in trade receivables would have affected pre-tax profit for the year by $2,581,681 higher/lower (2020: $186,929 higher/lower).

At 31 December 2021, had the Australian Dollar weakened/strengthened by 10 per cent against the US Dollar with all other variables held constant, the change in trade payables would have effected pre-tax profit for the year by $46,071 higher/lower (2020: $433,490 higher/lower).

Commodity price risk

The Company uses a combination of both fixed and market price related contracts for future sales to manage this exposure. No financial instruments are used by the Company to manage commodity price risk.

Interest rate risk

The Company's main interest rate risk arises from cash on deposit. When cash is surplus to operational and investing requirements it is invested in lump sum deposits to maximise interest received. In addition, the Company is exposed to interest rate risk on cash in the government security receivable.

NOTES TO THE FINANCIAL STATEMENTS

Credit risk

The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Where customers are rated by an independent credit rating agency, these ratings are used to set credit limits. If no independent rating exists, the credit quality of the customer is subject to extensive assessment. Letters of credit and other forms of credit insurance are also used as required. Cash transactions and cash invested through the government security receivable are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

	2021 $'000	2021 $'000
TRADE RECEIVABLES		
AA	-	-
A	29,062	5,406
BBB	-	-
Other	-	-

Liquidity and capital risk

ERA's objectives when managing capital are to safeguard ERA's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The future liquidity and capital requirements of ERA will depend on many factors. As a result of the rehabilitation provision increase, ERA has insufficient funds to fully fund rehabilitation. ERA is continuing to review all funding options. An inability to obtain sufficient funding would have a material impact on ERA's business, financial performance and assessment as a going concern. Rio Tinto has reiterated its commitment to ensuring the rehabilitation of the Ranger Project Area is successfully achieved to a standard that will establish an environment similar to the adjacent Kakadu National Park. ERA is commencing active discussions with major shareholders about a funding solution.

In April 2016, ERA entered into a $100 million credit facility agreement with Rio Tinto. ERA notes that due to the overrun of cost that a "Review Event" may or may not have already occurred under the current terms of the facility and therefore Rio Tinto may not be obliged to advance loans.

As at 31 December 2021, ERA had no debt and $699 million in total cash resources (comprising $164 million of cash on hand or at call and $535 million invested as part of the government security receivable).

Fair value estimation

In 2020, the Company carried forward exchange contracts measured at fair value and presented within derivative financial instruments on the face of the statement of financial position. These contracts were completed in 2021 and so have a fair value of $nil (2020: $9,391,000). The valuation technique applied was forward pricing, which uses Level 1 observable inputs. The fair value was determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency. The Company has not separately disclosed the fair values of financial instruments, such as trade receivables and payables as well the government security receivable, because their fair values are their face value and valuation techniques are not complex to warrant separate disclosure. These financial instruments also use Level 1 inputs.

NOTES TO THE FINANCIAL STATEMENTS

32 Events occurring after the reporting period

No other matters or circumstances has arisen since the end of the financial year that have significantly affected or may significantly affect the operations or state of affairs of the Company in subsequent financial years.

33 Share-based payments

ERA participates in a number of share-based payment plans administered by Rio Tinto plc and Rio Tinto Limited, which are described in detail in the Remuneration Report. These plans have been accounted for in accordance with the fair value recognition provisions of AASB 2, 'Share-based Payment'.

Rio Tinto Performance Share Awards

The Rio Tinto Performance Share Award (PSA) details are described in the Remuneration Report. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payments transactions. The fair value of each award on the day of grant is set equal to the share price on the day of grant. No forfeitures are assumed. A summary of the status of shares granted under the share plan at 31 December 2021, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
2021							
Rio Tinto Limited	6,940	1,856	(8,583)	-	-	213	-
Weighted average fair value at grant date	$85.06	$110.80	$90.43	-	-	$93.17	-
2020							
Rio Tinto Limited	5,056	1,884	-	-	-	6,940	-
Weighted average fair value at grant date	$87.82	$77.65	-	-	-	$85.06	-

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2021 was nil (2020: nil).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was three years (2020: four years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as an expense in relation to these shares.

NOTES TO THE FINANCIAL STATEMENTS

myShare Savings Plan

The myShare plan was introduced to all eligible staff members in 2013 and is described in the Remuneration Report. Awards under this plan are settled in equity and accounted for accordingly. The fair value of each award on the day of grant is set equal to the share price on the day of grant.

A summary of the status of conditional shares granted under the plan at 31 December 2021, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	VESTED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2021							
Rio Tinto Limited	11,021	3,442	598	(7,797)	(728)	6,536	-
Weighted average exercise price	$89.75	$116.28	$89.75	$89.30	$97.98	$103.34	-
2020							
Rio Tinto Limited	11,965	4,889	(482)	(3,750)	(1,601)	11,021	-
Weighted average exercise price	$77.49	$98.92	$81.62	$67.11	$81.62	$89.75	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2021 was $113.18 (2020: $97.10).

The weighted average remaining contractual life of share options outstanding at the end of the period was two years (2020: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as an expense in relation to these shares.

Rio Tinto Management Share Awards

The Rio Tinto Management Share Award (MSA) is described in the Remuneration Report. The awards will be settled in equity, including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The fair value of each award on the day of grant is set equal to share price on the day of grant. No forfeitures were assumed. A summary of the status of shares granted under the MSA plan at 31 December 2021, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
2021							
Rio Tinto Limited	12,924	4,358	(2,239)	(3,955)	-	11,088	-
Weighted average fair value at grant date	$85.08	$109.26	$83.09	$85.13	-	$94.97	-
2020							
Rio Tinto Limited	14,641	4,664	-	(6,381)	-	12,924	-
Weighted average fair value at grant date	$77.12	$74.36	-	$58.97	-	$85.08	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2021 was $127.47 (2020: $95.27).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was two years (2020: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised an expense in relation to these shares.

NOTES TO THE FINANCIAL STATEMENTS

Bonus Deferral Award

The Bonus Deferral Award (BDA) is detailed and described in the Remuneration Report. These awards were established for the mandatory deferral of a specific percentage of the Chief Executive's Short Term Incentive Plan bonus payment into Rio Tinto shares. The vesting of these awards is dependent only on service conditions being met. The awards will be settled in equity, including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The fair value of each award on the day of grant is equal to share price on the day of grant. No forfeitures are assumed.

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
2021							
Rio Tinto Limited	1,266	689	(1,306)	(649)	-	-	-
Weighted average fair value at grant date	$84.15	$107.76	$92.12	$93.17	-	-	-
2020							
Rio Tinto Limited	1,275	853	-	(862)	-	1,266	-
Weighted average fair value at grant date	$87.45	$78.35	-	$83.40	-	$84.15	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2021 was $101.40 (2020: $97.65).

The weighted average remaining contractual life of share options outstanding at the end of the period was nil years (2020: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as an expense in relation to these shares.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021 $'000	2020 $'000
Share based payment expense	620	1,677

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) The financial statements and notes set out on pages 59 to 95 are in accordance with the *Corporations Act 2001* (Cth), including:

- (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive and the Chief Financial Officer required by section 295A of the *Corporations Act 2001* (Cth). This declaration is made in accordance with a resolution of the Directors.

P Mansell
Perth

15 March 2022

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

To the shareholders of Energy Resources of Australia Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Energy Resources of Australia Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Balance sheet as at 31 December 2021.
- Statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(a)(i), "Going Concern" in the financial report. The conditions disclosed in Note 1(a)(i), indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Company's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Company's plans to obtain additional funding from its major shareholder to address going concern.

INDEPENDENT AUDITOR'S REPORT

- Assessing the Company's cash flow forecasts for incorporation of the Company's operations and plans to address going concern, in particular forecast rehabilitation expenditure.
- Determining the completeness of the Company's going concern disclosures for the principle matters casting significant doubt on the Company's ability to continue as a going concern, the Company's plans to address these matters, and the material uncertainty.

Key Audit Matter

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year.

The matter we identified was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Accounting for rehabilitation provision ($1,250.7 million)

Refer to Note 19 and 20 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Accounting for the rehabilitation provision was a key audit matter due to the size of the provision, the increase in provision in 2021 and the significant and judgmental assumptions used by the Company to determine the provision. We focused on the significant and judgmental assumptions the Company applied in their rehabilitation provision including: • nature and extent of rehabilitation activities required. This impacts the completeness of the rehabilitation provision estimate; • forecasted closure costs and timing for key rehabilitation activities; and • economic assumptions, such as the discount rate. The Company utilises both internal and external experts to assist in the determination of the rehabilitation provision. As a result of the above significant and judgmental assumptions, this area required significant audit effort. Consequently, we included sustainability closure specialists and valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • assessing the appropriateness of the Company's accounting policy for the recognition and measurement of the rehabilitation provision with the requirements of the accounting standards; • working with our sustainability closure specialists to: – perform risk assessment procedures to identify key rehabilitation activities; – evaluate the methodology applied by the Company's external expert in determining the nature and extent of rehabilitation activities by comparison to industry practice; and – assess certain assumptions regarding the forecast closure costs of closure activities based on their experience and familiarity with applicable legislative requirements and industry practice and the Company's closure commitments. • assessing the competence, scope and objectivity of the Company's internal and external experts used in the determination of the rehabilitation provision; • inspected the most recent closure studies and other technical material prepared by the Company relating to changes in the closure provision to assess the nature and scope of work planned to be undertaken. This included assumptions relating to the nature and timing of closure and rehabilitation activities; • performing testing over key rehabilitation controls in relation to the process to identify changes in rehabilitation activities required;

INDEPENDENT AUDITOR'S REPORT

KPMG

	• on a sample basis, testing the basis of forecasted closure cost by obtaining an understanding of the nature of the estimate and inspecting underlying documentation for forecast rehabilitation activities; • obtaining the Company's latest external expert report as well as internal and external underlying documentation to compare to the nature and quantum of costs contained in the Company's rehabilitation provision; • testing the accuracy of the historical rehabilitation provision by comparing to actual expenditure incurred. We used this to challenge the Company's current cost estimations; • we assessed the appropriateness of the discount rate used by management; • testing mathematical accuracy of the Company's rehabilitation provision calculation; and • assessing the rehabilitation disclosures in the financial report including disclosure of risks and uncertainties using our understanding obtained from our testing against the requirements of the accounting standard. This included checking the current and non-current rehabilitation provision disclosure for consistency to the planned timing of the rehabilitation expenditure.

Other Information

Other Information is financial and non-financial information in Energy Resources of Australia Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Energy Resources of Australia Ltd for the year ended 31 December 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report on pages 33 to 48 for the year ended 31 December 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Derek Meates
Partner

Perth

15 March 2022

SHAREHOLDER INFORMATION (UNAUDITED)

Energy Resources of Australia Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised by Directors on 15 March 2022. The Directors have the power to amend and reissue the financial statements.

The shareholder information set out below was applicable as at 28 February 2022.

Distribution of equity securities

Analysis of numbers of registered equity security holders by size of holding:

	ORDINARY SHARES			
	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1 - 1,000	5,087	51.64%	1,517,188	0.04%
1,001 - 5,000	2,569	26.08%	6,715,598	0.18%
5,001 – 10,000	895	9.09%	6,916,312	0.19%
10,001 – 100,000	1,167	11.85%	33,527,954	0.91%
100,001 and over	132	1.34%	3,642,706,146	98.68%
	9,850	100.00%	3,691,383,198	100.00%

There were 5,710 holders of less than a marketable parcel of ordinary shares.

Substantial shareholders

Substantial shareholders as disclosed in substantial shareholder notices provided to the Company:

	NUMBER OF SHARES	% OF ISSUED SHARES
North Limited[1]	1,920,852,964	52.04%
Peko-Wallsend Ltd[1]	1,265,829,670	34.29%
Packer & Co Limited ATF Packer & Co Investigator Trust[2]	35,931,878	6.94%

Note 1 *As lodged 27 February 2020.*
Note 2 *As lodged 13 February 2020.*

SHAREHOLDER INFORMATION (UNAUDITED)

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	NUMBER OF SHARES	% OF ISSUED SHARES
North Limited	1,920,852,964	52.04%
Peko-Wallsend Ltd	1,265,829,670	34.29%
BNP Paribas Noms Pty Ltd	293,256,715	7.94%
HSBC Custody Nominees (Australia) Limited	78,697,634	2.13%
BNP Paribas Nominees Pty Ltd Six Sis Ltd	35,618,969	0.96%
BNP Paribas Nominees Pty Ltd ACF Clearstream	4,920,133	0.14%
Citicorp Nominees Pty Limited	4,666,106	0.13%
BNP Paribas Nominees Pty Ltd	1,830,291	0.05%
Neweconomy Com Au Nominees Pty Limited	1,410,728	0.04%
J P Morgan Nominees Australia Pty Limited	1,327,823	0.04%
Creative Living (Qld) Pty Ltd	1,160,000	0.03%
Airport Finance Pty Ltd	1,000,000	0.03%
Mrs An-Shu Tseng	930,198	0.03%
Mr Li Wan	923,265	0.03%
Mr Samuel Lin	900,000	0.02%
Mr Kien Tuong Ta	766,500	0.02%
Mrs Patricia Anne Allen and Mr Robert Stanley Allen	750,000	0.02%
Mr Mark Watson	739,478	0.02%
Australian Executor Trustees Limited	735,110	0.02%
Mrs Faye Lesley Duffield	713,000	0.02%
Lemmis Holdings Pty Ltd	713,000	0.02%

Entitlements to vote

Subject to any rights or restrictions for the time being attached to any shares on a show of hands, every member present in person or by proxy or by attorney or by representative and entitled to vote at a shareholders' meeting shall have one vote.

On a poll, every member present in person or by proxy or by attorney or by representative shall have one vote for each share held by him/her.

All substantive resolutions at a meeting of security holders are decided by a poll.

Annual General Meeting

The 2022 Annual General Meeting will be held in Darwin, in the Northern Territory of Australia. Notices of the 2022 Annual General Meeting will be given to the shareholders of the Company in accordance with the Corporations Act. It is anticipated the meeting will be an in person meeting with the Company closely monitoring the COVID-19 situation in the event that a virtual or hybrid option becomes required.

Tax file numbers

Tax file numbers or exemption details are recorded from shareholders who wish to provide the information. Dividend advice statements, when issued to shareholders, indicate whether or not a shareholder's tax file number has been recorded. ERA normally pays fully franked dividends. In the event of an unfranked dividend being paid, ERA will be required to deduct tax at the top marginal rate from the dividend paid to shareholders resident in Australia who have not supplied a tax file number or exemption form.

Information on shareholding

Shareholders who require information about their shareholding or dividend payment should contact ERA's principal registry.

Shareholders who have changed their address should advise the change in writing to:

ERA Share Registry

Computershare Investor Services Pty Ltd

Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone: +61 (0) 3 9473 2500
Facsimile: +61 (0) 3 9415 4000

Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

2021 ASX ANNOUNCEMENTS (UNAUDITED)

10 December 2021	Resignation and appointment of Company Secretary
19 November 2021	Ranger Rehabilitation cost and schedule overruns - update
25 October 2021	Appendix 3Y - J Carey
12 October 2021	Quarterly Activities Report
8 October 2021	Ranger Rehabilitation cost and schedule overruns - material
8 October 2021	Appendix 3Z - P Arnold
7 October 2021	Appendix 3Y - J Carey
6 October 2021	Appendix 3Y - P Arnold
4 October 2021	Resignation of Chief Executive - Mr Welsh appointed (Acting)
1 October 2021	Pause in Trading
27 September 2021	Ranger Rehabilitation Project cost and schedule overruns
5 August 2021	Appendix 3Y - P Arnold
28 July 2021	June 2021 Half Year Results
28 July 2021	Half Yearly Report and Accounts
26 July 2021	Appendix 3Y - P Arnold
26 July 2021	Appendix 3Y - J Carey
7 July 2021	Quarterly Activities Report
14 May 2021	Appendix 3Y - J Carey
14 May 2021	Appendix 3Y - P Mansell
12 May 2021	Appendix 3Y - J van Tonder
5 May 2021	Final Director's Interest Notice
28 April 2021	2021 Annual General Meeting - Results of Meeting
28 April 2021	2021 Chief Executive's Address
28 April 2021	2021 AGM Chairman's Address
26 April 2021	Resignation of director
23 April 2021	Appendix 3Y - J van Tonder
23 April 2021	Appendix 3Y - J Carey
23 April 2021	Appendix 3Y - M Hanrahan
23 April 2021	Appendix 3Y - P Arnold
7 April 2021	Quarterly Activities Report
31 March 2021	Annual General Meeting Proxy Form
31 March 2021	Notice of Annual General Meeting
25 March 2021	Appendix 3Y - J van Tonder
25 March 2021	Appendix 3Y - J Carey
25 March 2021	Appendix 3Y - M Hanrahan
25 March 2021	Appendix 3Y - P Arnold
5 March 2021	2020 Annual Report
5 March 2021	Appendix 4G
4 March 2021	Appendix 3Y - M Hanrahan
3 March 2021	Appointment of Chief Financial Officer
25 February 2021	Change of Director's Interest Notice
24 February 2021	Financial Community Presentation - 2020 Full Year Results
24 February 2021	Appendix 3Y - J van Tonder
24 February 2021	Appendix 3Y - J Carey
24 February 2021	Appendix 3Y - P Arnold
15 February 2021	ERA 2020 Full Year Results
15 February 2021	Annual Statement of Reserves and Resources
15 February 2021	Preliminary Final Report
22 January 2021	Appendix 3Y - J Carey
22 January 2021	Appendix 3Y - P Arnold
8 January 2021	Quarterly Activities Report

Details of these announcements are available at *www.energyres.com.au*.

TEN YEAR PERFORMANCE (UNAUDITED)

YEAR ENDED 31 DECEMBER	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sales Revenue ($000)	190,347	242,457	209,677	201,273	211,181	267,765	332,777	379,166	356,139	396,629
Earnings Before Interest and Tax ($000)	(648,967)	3,413	(1,103)	(466,616)	(52,925)	(279,781)	(88,292)	(284,274)	(199,431)	(278,266)
Profit/(Loss) Before Tax ($000)	(647,395)	8,643	6,252	(456,323)	(43,532)	(271,077)	(79,798)	(273,602)	(186,541)	(254,785)
Income Tax Expense/ (Benefit) ($000)	2,817	(2,817)	-	(21,049)	-	-	195,695	(85,802)	(50,712)	(36,026)
Profit/(Loss) After Tax ($000)	(650,212)	11,460	6,252	(435,274)	(43,532)	(271,077)	(275,493)	(187,800)	(135,829)	(218,759)
Total Assets ($000)	855,930	1,000,153	566,577	635,766	797,312	819,432	1,100,815	1,341,724	1,627,561	1,826,275
Shareholders' Equity ($000)	(442,422)	214,579	(274,687)	(280,790)	154,887	198,559	469,947	745,607	934,022	1,069,619
Long Term Debt ($000)	-	-	-	-	-	-	-	-	-	-
Current Ratio	1.1	2.1	2.0	2.5	3.2	4.0	4.0	4.1	3.8	4.0
Liquid Ratio	0.7	0.9	1.2	1.9	2.5	3.1	3.0	2.7	2.3	2.9
Return on Shareholders' Equity (%)	147.0	5.3	2.3	155.0	(28.1)	(136.5)	(58.6)	(25.2)	(14.5)	(20.5)
Earnings Per Share (cents)	(17.6)	0.4	1.2	(84.1)	(8.4)	(52.4)	(53.2)	(36.3)	(26.2)	(42.3)
Share Price ($) closing	0.34	0.33	0.17	0.25	0.91	0.44	0.36	1.30	1.26	1.27
Price-Earning Ratio	(1.93)	82.5	13.75	(0.29)	(10.83)	(0.83)	(0.68)	(3.58)	(4.81)	(3.00)
Net Tangible Assets per Share ($)	(0.12)	0.06	(0.54)	(0.54)	0.30	0.38	0.91	1.44	1.80	2.07
No. of Employees	204	317	352	355	358	356	374	389	519	594
Profit After Tax per Employee ($000)	(3,187.3)	36.15	17.61	(1,226.1)	(121.6)	(761.5)	(736.6)	(482.8)	(264.8)	(374.5)
Ore Mined (million tonnes)	-	-	-	-	-	-	-	-	-	3.8
Ore Milled (million tonnes)	0.02	2.5	2.5	2.5	2.6	2.7	2.5	1.3	2.3	2.6
Mill Head Grade (% U_3O_8)	0.07	0.07	0.08	0.09	0.10	0.10	0.10	0.11	0.15	0.17
Mill Recovery (%)	86.1	84.9	86.8	86.6	84.7	84.9	82.0	81.5	84.8	86.2
Production (tonnes U_3O_8) – Drummed	34	1,574	1,751	1,999	2,294	2,351	2,005	1,165	2,960	3,710
Sales – Ranger Concentrates (tonnes U_3O_8)	1,302	1,711	1,577	1,467	2,089	2,130	2,183	2,164	2,767	2,665
Sales – Other Concentrates (tonnes U_3O_8)	-	10	20	-	-	9	-	984	48	558
Sales – Total (tonnes U_3O_8)	1,302	1,721	1,597	1,467	2,089	2,139	2,183	3,148	2,815	3,223

Definition of statistical ratios

Current Ratio	=	current assets/current liabilities
Liquid Ratio	=	(current assets-inventory-prepayments-foreign exchange hedge asset on borrowings)/(current liabilities-bank overdraft – foreign exchange hedge liability)
Gearing Ratio	=	(long term debt + term creditors)/(shareholders' equity + long term debt + term creditors)
Interest Cover	=	earnings before interest and tax/interest expense
Return on Shareholders' Equity	=	profit after tax/average shareholders' equity
Earnings per Share	=	profit after tax/weighted average number of shares issued

Tony De Groot and Rachel Meier carrying out water sampling at Ranger Mine.

ERA Energy Resources of Australia Ltd