



ASX Announcement

1 August 2017

ERA ANNOUNCES JUNE 2017 HALF YEAR RESULTS

- \$19 million of positive cash flow from operating activities generated during the first half of 2017 to increase total cash resources to \$485 million.¹
- Uranium production from stockpiled ore of 1,046 tonnes underpinned by strong operational performance.
- The backfill of Pit 1 has now commenced following receipt of regulatory approval in April 2017.
- ERA rehabilitation provision is \$511 million at 30 June 2017.

			June 2017 \$000	June 2016 \$000
Cash flow from operating activities	-6%	to	18,539	19,690
Revenue from sales of uranium oxide	-3%	to	150,447	154,450
Revenue from ordinary activities	-	to	171,229	170,501
Loss from ordinary activities before tax attributable to members	+95%	to	(9,581)	(196,549)
Loss from ordinary activities after tax attributable to members	+95%	to	(9,581)	(196,549)
Net loss for the period attributable to members	+95%	to	(9,581)	(196,549)
Earnings per share (cents)	+95%	to	(1.9)	(38.0)

¹ Inclusive of \$72 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund.



ERA

Review of operations

ERA generated positive cash flow from operating activities of \$19 million for the half-year ended 30 June 2017. This compares to positive cash flow from operating activities of \$20 million for the half-year ended 30 June 2016.

ERA had total cash at bank of \$413 million at 30 June 2017 compared to \$396 million on 31 December 2016. In addition to cash at bank, ERA had \$72 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund, bringing total cash resources to \$485 million.

ERA's net loss after tax for the half-year ended 30 June 2017 was \$10 million compared with a net loss of \$197 million for the same period in 2016. The 30 June 2016 result was negatively impacted by a non-cash impairment charge of \$161 million. No impairment charges have been recorded during 2017.

Uranium oxide production for the period was 1,046 tonnes. This compares to 1,082 tonnes of uranium oxide production for the 2016 half-year. All ore milled was taken from existing stockpiles. Production was unfavourably impacted by lower ore milled due to plant maintenance activities in the first half of the year.

Revenues from sales of uranium oxide were \$150 million for the period compared to \$154 million for the June 2016 half-year. Revenue was impacted by a lower realised sales price and an unfavourable movement in the Australian/US dollar exchange rate. This was partially offset by an increase in sales volume.

Sales volume for the period was 1,464 tonnes compared to 1,148 tonnes for the June 2016 half-year. Forecast sales volumes in 2017 are expected to be in line with prior year totals.

The average realised sales price of uranium oxide for the June 2017 half-year was US\$35.09 per pound compared with US\$44.68 per pound for the 2016 half year. For the June 2017 half-year, the average long-term uranium oxide price indicator was US\$32.83 per pound and the average spot price was US\$22.29 per pound, compared to US\$42.67 per pound and US\$29.50 per pound, respectively, for the same period in 2016.

As sales of uranium oxide are denominated in US dollars, the strengthening of the Australian dollar has had an unfavourable impact on revenue when compared to 2016. The average Australian/US dollar exchange rate for the first half of 2017 was US75 cents compared to US73 cents in the first half of 2016.

In April 2017, ERA received a net payment of \$15 million from insurers associated with the settlement of a business interruption claim arising from the 2013 failure of leach tank 1. This receipt is included in cash flow from operating activities.

Cash costs for the June 2017 half-year were lower than the corresponding period in 2016. This was driven by the Company continuing to focus on cash preservation and improved efficiencies. Cost reductions were primarily delivered through improved usage of contractors.

No depreciation has been recorded in 2017 due to ERA fully impairing the Ranger Cash Generating Unit in 2016.

Capital expenditure for the June 2017 half-year was in line with the comparative period at \$2 million. Capital expenditure in the June 2017 half-year relates to sustaining capital activities. In 2017, capital expenditure was immediately written off to the Statement of Comprehensive Income as a result of the Ranger Cash Generating Unit being fully impaired in 2016.



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Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued with the dredge operating to transfer tailings from the tailings storage facility to Pit 3.

Regulatory approval for ERA to begin the final stages of backfill for Pit 1 was obtained in April 2017. The backfill of Pit 1 has now commenced.

At 30 June 2017, the ERA rehabilitation provision remains in line with the comparative period at \$511 million.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2017.

The Ranger 3 Deeps exploration decline remains under care and maintenance.

Appointment of Chief Executive and Managing Director

As announced to the Australian Securities Exchange on 29 June 2017, Mr Paul Arnold has been appointed as Chief Executive and Managing Director of ERA, effective from 2 August 2017.

Mr Arnold brings extensive experience to ERA gained over more than 25 years in the resources sector.

Dividends

ERA has decided not to declare an interim dividend in respect of the 2017 half-year. No final dividend was paid in respect to the 2016 financial year.

Outlook

ERA expects that the uranium market will remain challenging in the near term. Spot prices have continued to remain volatile in the first half of 2017 as a result of oversupply in the market. Whilst supply is expected to continue to exceed demand in the near term, China led demand-growth should support a rebalancing of the market over time as China and other Asian countries continue to progress their nuclear power programs in accordance with long term energy policy objectives.

At 30 June 2017, the spot price was US\$20.15 per pound and the long-term price indicator was US\$33.00 per pound.

Competent Person

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2016 Annual Statement of Reserves and Resources which was released to the market on 31 January 2017 and is available to view at <http://www.asx.com.au/asxpdf/20170131/pdf/43fncy6lg71253.pdf>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



ERA

About Energy Resources of Australia Ltd

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

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than three decades. During that time, Ranger has produced in excess of 120,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory.

ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

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