ERA Energy Resources of Australia Ltd

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ASX Interim report – 30 June 2017

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 31 December 2016 financial report

Contents

Directors' Report

for the half-year ended 30 June 2017

The Directors of Energy Resources of Australia Ltd (**ERA or the Company**) present their report together with the financial report of the Company, for the half-year ended 30 June 2017.

Directors

The Directors of the Company at any time during the half-year or since the end of the financial period were:

Name	***Period of Directorship***
Mr P Mansell (Chairman)	Appointed October 2015
Ms A Sutton	Appointed Chief Executive and Managing Director September 2013
Mr S Charles	Appointed October 2015
Mr P Dowd	Appointed October 2015
Ms Z Fisher	Appointed August 2016
Mr S Trott	Appointed December 2015

Results for announcement to the market

A summary of revenues and results for the half-year is set out below:

			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)

These financial results have been prepared in accordance with Australian Accounting Standards. All dollars in this report are Australian dollars, unless otherwise stated.

Directors' Report
for the half-year ended 30 June 2017

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.

Directors' Report
for the half-year ended 30 June 2017

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.

Rounding of Amounts

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

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 6.

Signed at Darwin this 1st day of August 2017 in accordance with a resolution of the Directors.

Mr P Mansell
Chairman

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.

Auditor's Independence Declaration

As lead auditor for the review of Energy Resources of Australia Ltd for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Charles Christie
Partner
PricewaterhouseCoopers

Darwin
1 August 2017

	Notes	Half-year ended 30 June 2017 $'000	30 June 2016 $'000
Revenue from continuing operations	3	171,229	170,501
Changes in inventories		(57,612)	(42,824)
Materials and consumables used		(35,251)	(37,773)
Employee benefits and contractor expense		(58,895)	(67,840)
Government and other royalties		(8,110)	(8,323)
Commission and shipping expenses		(2,345)	(3,213)
Depreciation and amortisation expenses		-	(28,724)
Non-cash impairment charge		-	(161,381)
Financing costs		(10,758)	(9,116)
Statutory and corporate expenses		(5,429)	(6,330)
Other expenses		(2,410)	(1,526)
Profit/(loss) before income tax		(9,581)	(196,549)
Income tax benefit/(expense)		-	-
Profit/(loss) for the half-year		(9,581)	(196,549)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(9,581)	(196,549)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(9,581)	(196,549)
		(9,581)	(196,549)
Total comprehensive income for the half-year is attributable to:			
Owners of Energy Resources of Australia Ltd		(9,581)	(196,549)
		(9,581)	(196,549)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share	7	(1.9)	(38.0)
Diluted earnings per share	7	(1.9)	(38.0)

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

	Notes	Half-year ended 30 June 2017 $'000	Half-year ended 31 Dec 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		412,534	395,598
Trade and other receivables		7,437	12,348
Inventories	4	80,094	127,274
Other		3,395	-
Total current assets		503,460	535,220
Non-current assets			
Inventories	4	-	9,791
Undeveloped properties		203,632	203,632
Property, plant and equipment		-	-
Non-current investments		72,034	70,789
Total non-current assets		275,666	284,212
Total assets		779,126	819,432
LIABILITIES			
Current liabilities			
Payables		33,386	34,357
Provisions	5	59,555	58,572
Income received in advance		10,457	40,416
Total current liabilities		103,398	133,345
Non-current liabilities			
Provisions	5	465,682	466,460
Deferred tax liabilities	2	21,068	21,068
Total non-current liabilities		486,750	487,528
Total liabilities		590,148	620,873
Net assets		188,978	198,559
EQUITY			
Contributed equity		706,485	706,485
Reserves		389,440	389,440
Accumulated Losses		(906,947)	(897,366)
Total equity		188,978	198,559

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

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2017	**706,485**	**389,440**	**(897,366)**	**198,559**
Loss for the half-year	-	-	(9,581)	(9,581)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	**706,485**	**389,440**	(906,947)	188,978
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2017	**706,485**	**389,440**	**(906,947)**	**188,978**

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2016	**706,485**	**389,751**	**(626,289)**	**469,947**
Loss for the half-year	-	-	(196,549)	(196,549)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	**(196,549)**	**(196,549)**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2016	**706,485**	**389,751**	**(822,838)**	**273,398**

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

	Half-year ended	
	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	150,685	182,669
Payments to suppliers and employees (inclusive of goods and services tax)	(124,525)	(155,140)
Payments for rehabilitation	(10,125)	(10,179)
	16,035	17,350
Interest received	3,199	3,297
Financing costs paid	(695)	(957)
Net cash inflow/(outflow) from operating activities	18,539	19,690
Cash flows from investing activities		
Payments for property, plant and equipment	(1,781)	(1,556)
Proceeds from sale of property, plant and equipment	169	41
Net cash outflow from investing activities	(1,612)	(1,515)
Net increase / (decrease) in cash and cash equivalents	16,927	18,175
Cash and cash equivalents at the beginning of the half-year	395,598	365,326
Effects of exchange rate changes on cash and cash equivalents	9	3
Cash and cash equivalents at end of the half-year	412,534	383,504

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

1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by ERA during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Critical accounting estimates and judgments

Estimates and judgments 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.

Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing to rehabilitate and restore disturbed land to original condition.

The costs are estimated on the basis of a closure model, 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 30 June 2017 of the preferred plan within the requirements of the Ranger Authority. The Ranger Authority requires ERA to cease mining and processing activities by January 2021 and complete rehabilitation of the Ranger Project Area by January 2026.

The closure model is based on a prefeasibility study that was conducted in 2011 and has been reviewed and updated annually since. Material packages of work have had studies progressed and work subsequently executed as required. Key packages of work completed since 2012 include preliminary Pit 3 backfill, Pit 1 capping and design, construction and commissioning of tailings dredging system. Completion of these activities was conducted in line with the prefeasibility study cost estimate.

ERA intends to commence a feasibility study of rehabilitation in the second half of 2017. The feasibility study will increase the level of certainty regarding forecast rehabilitation expenditure.

Major activities to complete the rehabilitation plan include: material movements, water treatment, tailings transfer, demolition and revegetation. Major cost sensitivities include: material movements and water treatment costs. Material movement costs are sensitive to the forecast volume of material to be moved and the estimated cost that it can be moved for. Water treatment costs are sensitive to the volume of process water to be treated which is impacted by rainfall, water in flows, and the performance of water treatment infrastructure. The current cost estimate may require material adjustment should the assumptions used change or not be realised.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factors including legal requirements, technological change and market conditions as well as the sensitivities referred to above. It is reasonably possible that outcomes within the next half-year that are different from the current cost estimate could require material adjustment (increase or decrease) to the rehabilitation provision for the Ranger Project Area.

In estimating the rehabilitation provision a risk-free discount rate is applied to the underlying cash flows. At 30 June 2017, the real discount rate was 2.00 per cent. The overall rehabilitation strategy remains unchanged.

Taxation

ERA recognised certain deferred tax assets for temporary differences. ERA has approximately $174 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 periodically. Should future taxable profits eventuate this treatment will not impact the 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.

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 and the associated asset capitalised within property, plant and equipment. The Jabiru Undeveloped Property relates to the Jabiluka Mineral Lease which is currently under a long term care and maintenance agreement.

At 30 June 2017, 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. In the half-year ended 30 June 2016, $1.8 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 judgment in analysing possible impacts caused by factors such as the price of uranium oxide, foreign exchange movements, operating and capital estimates, project progression, Traditional Owner relationships and weather impacts on process water inventories.

Previously ERA has 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.

Undeveloped Properties

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 carrying value of the Jabiluka Undeveloped Property, net of deferred tax liability is $181 million.

ERA has conducted a review of possible impairment indicators to the Jabiluka Undeveloped Property, including any changes in circumstances. No changes or indications have been identified that indicate it may face impairment. As such ERA has not conducted an impairment review of the Jabiluka undeveloped property in the first half of 2017.

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. Results are checked against market valuation 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.

Key assumptions to which the Jabiluka model is sensitive include: the probability of future development, uranium oxide prices, foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources and lease tenure renewal.

Inventory net realisable value

The calculation of net realisable value is sensitive to key assumptions about the future 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 Australia/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.

Total net realisable value adjustments recorded at 30 June 2017 was $4.5 million (pre-tax) (2016: $8.0 million). The net realisable value adjustment has been included in 'Changes in inventories' in the statement of comprehensive income.

3 Segment information

Description of Segment

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 half-year ended 30 June 2017, being the mining, processing and selling of uranium oxide. There are no other unallocated operations.

Segment Revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the Statement of Comprehensive income.

Revenues from customers are derived from the sale of uranium oxide. Segment revenue reconciles to total revenue from continuing operations with the addition of other income, which includes interest revenue, rent, and other compensation received.

ERA is domiciled in Australia. The profile of its revenue from external customers is outlined in the table below:

	Half-year ended	
	30 June 2017 $'000	30 June 2016 $'000
Sales to customers		
Asia	150,447	154,450
Total Sale of Goods	150,447	154,450
Other revenue	20,782	16,051
Total revenue from continuing operations	171,229	170,501

Segment revenues are allocated based on the country in which the customer is based. ERA places all sales through a marketing agreement with Rio Tinto Uranium based in Asia.

4 Inventories

	30 June 2017 $'000	31 Dec 2016 $'000
(a) Inventories – current		
Stores & spares	16,769	16,128
Ore stockpiles at cost	28,886	37,340
Work in progress at cost	-	2,424
Work in progress at NRV	4,236	-
Finished product U_3O_8 at cost	-	71,382
Finished product U_3O_8 at NRV	30,203	-
Total current Inventory	80,094	127,274

(b) Inventories – non-current

Ore stockpiles at cost	-	9,791

ERA has considerable low grade stockpiled ore that is available for milling. The cost of this ore was recognised as an expense in a prior reporting period and as such has no carrying value recorded.

5 Provisions

(a) Provisions – current

Employee benefits	10,112	9,861
Rehabilitation	49,443	48,711
Total current provisions	59,555	58,572

Movement in current rehabilitation provisions	
Carrying value at the start of the year	48,711
Payments	(10,125)
Transfers from non-current provision	10,857
Carrying amount at the end of the half-year	49,443

(b) Provisions – non-current

Employee benefits	3,747	3,740
Rehabilitation	461,935	462,720
Total non-current provisions	465,682	466,460

Movement in non-current rehabilitation provisions	
Carrying value at the start of the year	462,720
Unwind of discount	10,072
Change in estimate	-
Transfers to current provision	(10,857)
Carrying amount at the end of the half-year	461,935

6 Contingencies

Legal actions against ERA

Unresolved legal action commenced (in 1999) by the Mirarr Traditional Owners in the Federal Court against the former Federal Minister for Resources and ERA, claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative, is dormant. Should ERA 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 this legal dispute.

7 Earnings per share

	Half-year ended	
	30 June 2017 Cents	30 June 2016 Cents
Basic earnings per share	(1.9)	(38.0)
Diluted earnings per share	(1.9)	(38.0)

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share 2017: 517,725,062 (2016: 517,725,062).

8 Liquidity and capital risk

The Company's objectives when managing capital are to safeguard the Company'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 the Company will depend on many factors. Should current forecasts for foreign exchange rate, prices, costs, resource and mining techniques not be realised, and in the absence of any other successful developments, the Company may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area.

In April 2016 the Company entered into a $100 million credit facility agreement with Rio Tinto. The credit facility agreement provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios.

Each year, the Company 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 the Company into the Ranger Rehabilitation Trust Fund is then delivered. The Trust Fund includes both cash and financial guarantees.

The Company's ability to continue to access these financial guarantees can be influenced by many factors including future cash balance, cash flows and shareholder support. Guarantees are subject to periodic review by the banks. Should the Company at any point be unable to access financial guarantees, substantial additional cash would be required to be deposited into the Trust Fund. In the scenario where this occurs the Company's cash resources available to fund operations would reduce. The Company has plans in place to address these risks.

9 Events occurring after the reporting period

No events or circumstances have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations or state of affairs of the Company in subsequent financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 15 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 30 June 2017 and of its performance for the half-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.

This declaration is made in accordance with a resolution of the Directors.

Mr P Mansell
Chairman
Darwin
1 August 2017

Independent auditor's review report to the shareholders of Energy Resources of Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Resources of Australia Ltd (the Company), which comprises the balance sheet as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Resources of Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Resources of Australia Ltd is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Darwin
1 August 2017