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ASX Announcement

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HALF-YEAR RESULTS 2011

				June 2011 $000	June 2010 $000
Revenue from sales of uranium oxide	**Up**	12%	to	235,564	209,599
Revenue from continuing operations	**Up**	12%	to	244,895	217,740
Earning Before Interest, Tax, Depreciation & Amortisation	**Down**	428%	to	(166,740)	50,811
Underlying Earnings	**Down**	198%	To	(22,303)	22,676
Profit / (loss) from continuing operations after tax attributable to members	**Down**	637%	to	(121,746)	22,676
Net profit / (loss) for the period attributable to members	**Down**	637%	to	(121,746)	22,676
Earnings per share (cents)				(63.8)	11.9
Reconciliation of net earnings to underlying earnings					
Net profit / (loss) for the period attributable to members				(121,746)	22,676
Low Grade Inventory Adjustment				99,443	-
Underlying Earnings				(22,303)	22,676

Review of operations

ERA's operating and financial results for the June 2011 half-year were significantly impacted by the suspension of processing operations at Ranger Mine announced on 28 January 2011. The suspension was taken in response to the significantly above average 2010/11 wet season encountered in the Northern Territory.

ERA's underlying earnings for the half-year ended 30 June 2011 were a loss of $22.3 million compared with a profit of $22.7 million for the same period in 2010. The net loss for the period was $121.7 million, compared to a net profit for the June 2010 half year of $22.7 million. For the half-year ended 30 June 2011, underlying earnings differed from the net loss due to the negative impact of an inventory value adjustment related to low grade stockpiles, described in the Ore Reserves & Mineral Resources segment below.

Total revenue for the period was $244.9 million compared with $217.7 million for the June 2010 half-year. Revenue from the sale of uranium oxide in the June 2011 half-year period increased to $235.6 million, from $209.6 million for the June 2010 half-year.

Sales volume was marginally lower for the period at 1,825 tonnes, compared with the June 2010 half-year volume of 1,892 tonnes. As in previous years, 2011 sales volume will be heavily weighted towards the second half of the year.

The average realised sales price of uranium oxide for the six months to 30 June 2011 was US$60.82 per pound compared with US$44.79 per pound for the corresponding period in 2010. This change was largely attributable to an increase in the long term uranium price indicator and the completion in 2010 of a low priced legacy contract. For the 2011 half-year, the average of the long term market price indicators for uranium oxide was US$69.67 per pound and the average spot price was US$63.59 per pound.

Total revenue was also impacted by the strengthening of the Australian dollar. The average A$:US$ exchange rate for the first half of 2011 increased by 17 per cent to US103.9 cents when compared with the same period in 2010 (June 2010: US89.1 cents). This negatively impacted ERA's sales revenue for the June 2011 half year by approximately $39 million.

Mining operations were also impacted by the significantly above average wet season with the level of pond water in Pit 3 reaching a record level of in excess of 3.5 gigalitres. Partial access to the upper benches in Pit 3 was obtained in late June 2011 with mining operations able to progress deeper into the pit as the water level recedes. ERA has commissioned additional pond water treatment capacity, however, it does not expect to obtain access to the bottom of the pit, where the high grade ore is located, before the December 2011 Quarter.

Uranium oxide production for the June 2011 half-year of 601 tonnes was 65 per cent lower than the corresponding period in 2010 (June 2010: 1,717 tonnes). ERA's first half operating results were impacted by the temporary suspension of processing operations announced on 28 January 2011. Whilst initially expected to be for a period of 12 weeks, the suspension was extended on 12 April 2011 with processing operations progressively restarted on 15 June 2011.

Cash costs for the June 2011 half-year were higher than the corresponding period in 2010. During the period, ERA purchased 405 tonnes of uranium oxide for the purpose of meeting sales commitments. These costs were partially offset by savings on plant operations costs. Maintenance costs increased due to the important planned maintenance and improvement initiatives undertaken during the suspension of processing operations to improve the reliability and productivity of the processing plant. Royalties decreased as the sale of purchased uranium oxide from third parties does not attract royalties.

Depreciation significantly decreased due to the low production. This was slightly offset by the increase in finance costs due to the increase in the rehabilitation provision.

Ranger Heap Leach Facility

ERA has completed a feasibility study into the proposed Heap Leach Facility. The study demonstrated that this Heap Leach Facility was technically feasible, however the high capital costs and present economic assumptions limit its value. Further, there was uncertainty in regards to stakeholder support. Accordingly, the ERA Board has decided not to proceed with the proposed Heap Leach Facility project.

The proposed Heap Leach Facility was designed to process low grade ore from the Ranger mine stockpiles. These stockpiles contain significant quantities of uranium oxide and ERA will continue to investigate methods of recovering it.

Rehabilitation Provision

During the June 2011 half-year, ERA commenced detailed studies on the Ranger rehabilitation and closure plan. Whilst these detailed studies will not be complete until the end of 2012, ERA has completed a detailed desktop review of the rehabilitation costs estimate and, as a result, ERA has increased the provision in the financial statements from $314 million to $550 million.

The current cost estimate for the rehabilitation of the Ranger Project Area has been developed by ERA based on a number of assumptions. This estimate is based at an order of magnitude level, meaning the estimate is preliminary and could vary significantly. Further information on the assumptions for the provision is outlined in the interim report for the period ended 30 June 2011, lodged with the ASX on 4 August 2011.

Exploration and Evaluation

ERA resumed its exploration program on the Ranger Project Area during the June 2011 half-year with exploration expenditure of $1 million.

Exploration drilling during the first half of 2011 focused on the Georgetown area south east of the Ranger 3 Deeps resource. Drilling of the Georgetown area in 2010 had encountered an area of mineralisation of 14 metres at a grade of 0.35 per cent uranium oxide from a depth of 403 metres. Three follow-up diamond drill holes were completed at a total of 2,277 metres. These drill holes were targeted to define the orientation of the mineralised structure. Further drilling is being conducted to test the target zone at depth and results will be reported during the second half of 2011.

Ranger 3 Deeps Exploration Decline

On 4 August 2011, the ERA board approved the construction of an exploration decline to conduct close spaced underground exploration drilling and to explore areas adjacent to the Ranger 3 Deeps resource. The current estimated cost to complete this work is $120 million. The Ranger 3 Deeps resource currently contains an estimated 34,000 tonnes of uranium oxide.

Construction of the decline is expected to commence in May 2012, subject to obtaining all necessary regulatory approvals.

Business Review

ERA has recently conducted a business review to ensure that the business is focused on the most strategically important and value enhancing activities. This included a review of the cost structure of the business with the expectation that mining activity in Ranger Pit 3 is completed in 2012.

The business review identified a number of opportunities to operate more efficiently and reduce costs in line with the expected future production levels, as well as meeting the changing business conditions that ERA is facing. These opportunities have been broken down into phases based on the time and organisational change required in implementation. The first phase of initiatives targets cumulative cost savings of $150 million in operating cost reductions over the course of the next 3.5 years.

ERA

Funding

ERA has engaged an external financial advisor and is well advanced in developing a long term funding plan. Rio Tinto has indicated that subject to its usual internal approvals it is committed to playing its role as part of that funding. At 30 June 2011, ERA has $185 million in cash and no debt.

Ore Reserves & Mineral Resources

ERA has adjusted its Ore Reserves and Mineral Resources statement for the Ranger Project Area as follows:

(a) Heap Leach Facility decision

ERA has extensive stockpile reserves that vary in grade. It is planned that this material will progressively be processed through the mill and prioritised by grade. At this time, the most economically viable method of processing the low grade stockpiled ore is through heap leach technology. Although possible to process the low grade stockpiled material through the processing plant, in light of the decision of the ERA board not to proceed with the Heap Leach Facility, ERA has downgraded the low grade material previously classified as reserves to resources. As a result, ore reserves of 7,100 tonnes of uranium oxide have been reclassified to resources. As a consequence, ERA wrote down $142 million ($99 million after tax) of inventory value related to this low grade material.

(b) Grade adjustments

Extensive stockpile drilling was completed during the period and this combined with further adjustments to the insitu ore model, has resulted in an overall grade downgrade equivalent to 6,100 tonnes of uranium oxide of Ore Reserves. This is due to the grade of the stockpiles being lower than originally expected.

(c) Ranger Project Area Ore Reserves Reconciliation

	Uranium Oxide Tonnes
Reserves as at 31 December 2010	29,800
Depletion by processing from 1 January 2011 to 30 June 2011	600
Contained uranium oxide reduction due to grade adjustment	6,100
Reclassification from reserves to resources of low grade stockpiles	7,100
Ranger Project Area Reserves at 30 June 2011	16,000

(d) Mineral resources

As a consequence of the classification of Ore Reserves described above, the Mineral Resources (excluding reserves) have increased from 109 thousand tonnes of uranium oxide to 116 thousand tonnes of uranium oxide.

Dividends

The ERA directors have decided not to declare an interim dividend for the 2011 financial year. This compares to the interim dividend of 8 cents per share declared in July 2010 in respect of the 2010 financial year.

No final dividend was paid in respect to the 2010 financial year.

Outlook

With the progressive restart of the processing operations from 15 June 2011, ERA's 2011 production of uranium oxide is expected to be approximately 2,600 tonnes. Additional pond water treatment capacity has been commissioned to help provide earlier and longer access to the bottom of the pit.

In the short term, the uranium market appears to be well supplied due to adequate inventory coverage held by utilities along with increased production, especially from Kazakhstan. Immediate demand weakened after the Japan nuclear crisis, and the spot price of uranium oxide has been volatile. This volatility is likely to continue until the situation in Japan is clearer and the outcomes of the safety reviews of nuclear power facilities in China are released along with the subsequent impact on the current new build program. Long term demand is expected to continue to be driven by strong growth in the Chinese market. This is expected to significantly exceed any market contraction as a result of the Japan crisis. ERA continues to envisage a strong future for uranium including continued price and demand growth with long term demand exceeding planned supply.

ERA is planning to conduct an expanded exploration program on the Ranger Project Area over the period 2012 to 2014 for a total estimated cost of $40 million.

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For further information on the company's activities please access ERA's website at
http://www.energyres.com.au

Competent Persons

The information in this report that relates to Ranger and Jabiluka Mineral Resources or Ore Reserves is based on information compiled by Geologists Greg Rogers (a full time employee of Energy Resources of Australia Ltd) and Arnold van der Heyden (a full time employee of Hellman & Schofield Pty Ltd and consultant to Energy Resources of Australia) and Mining Engineer Reid Miller (full time employee of Energy Resources of Australia Ltd) who are all members of the Australasian Institute of Mining & Metallurgy. Greg Rogers, Arnold van der Heyden, and Reid Miller have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Greg Rogers, Arnold van der Heyden, and Reid Miller consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.