



ASX Announcement

6 February 2015

ERA ANNOUNCES FULL YEAR RESULTS FOR 2014

- Positive cash position of \$293 million at 31 December 2014.
- Net loss after tax was \$188 million, compared to a loss of \$136 million in 2013.
- Solid operational performance following the restart of processing operations in June 2014.
- Ranger 3 Deeps Exploration Decline completed.
- Major activities of the Ranger 3 Deeps Prefeasibility Study substantially completed.
- Initial Board review of outcomes of the Prefeasibility Study undertaken.
- Further work required to review key technical assumptions and optimise the development pathway.

Review of operations

Energy Resources of Australia Ltd's (**ERA**) net loss after tax for the year ended 31 December 2014 was \$188 million, compared to a loss of \$136 million in 2013.

Earnings before interest, tax, depreciation and amortisation (**EBITDA**) was negative \$164 million including a non-cash finished goods inventory write down to net realisable value (NRV) of \$48 million (before tax). (2013: positive EBITDA of \$33 million, inclusive of a \$21 million non-cash finished goods inventory write down to net realisable value).

Earnings in 2014 were unfavourably impacted by the requirement to purchase uranium oxide to fulfil sales following the suspension of processing operations for the first half of the year. This was partially offset by favourable non cash costs and increased sales revenue.

Revenue from the sale of uranium oxide in 2014 was \$379 million (2013: \$356 million). Sales of uranium oxide were 3,148 tonnes, up from 2,815 tonnes achieved in 2013. The average realised sale price of uranium oxide achieved by ERA in 2014 was US\$49.50 per pound (2013: US\$53.92).

Sales of uranium oxide are denominated in US dollars. In 2014, the weakening of the Australian dollar had a favourable impact on ERA's financial results, with a 2014 average exchange rate of 0.91 US cents compared against a 2013 rate of 0.94 US cents.

Uranium oxide produced for the year ended 31 December 2014 was 1,165 tonnes, 61 per cent lower than 2013. Uranium oxide produced was adversely impacted by the suspension of processing operations following the failure of Leach Tank No. 1 on 7 December 2013. A progressive restart of the Ranger processing plant commenced on 5 June 2014 following receipt of written approval to recommence processing operations from the Commonwealth Minister for Industry and the Northern Territory Department of Mines and Energy.



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Total cash costs were higher than 2013 largely due to the requirement to purchase uranium oxide and an increase in contractors and consultants. Expenditure on contractors and consultants increased due to progress on the Ranger 3 Deeps Exploration Decline and Prefeasibility Study along with costs associated with the leach tank recovery works. This was partially offset by reduced raw materials and consumables, royalties and shipping and commission costs, all a result of the suspension of processing operations.

During the period ERA purchased uranium oxide to meet committed sales in the second half of 2014. A total of 843 tonnes of uranium oxide was purchased for a cost of \$67 million. All purchased material has now been sold.

Total exploration and evaluation spend for 2014, including the Ranger 3 Deeps Exploration Decline, Prefeasibility Study and other exploration, was \$83 million compared to 2013 spend of \$66 million.

Non-cash costs associated with depreciation have decreased during the year. This is the result of reduced production due to the plant suspension. A large portion of the depreciation is based on the units of production method.

Capital expenditure decreased in 2014 to \$12 million (2013: \$91 million). The majority of expenditure in 2014 related to sustaining capital projects compared to 2013 where expenditure largely related to the construction of the Brine Concentrator.

The net decrease in cash held by the business in 2014 was \$64 million (2013: \$110 million). ERA had \$293 million (2013: \$357 million) on the balance sheet at year end.

Suspension of processing Operations

On 7 December 2013, Leach Tank 1 at the Ranger Mine failed, causing the release of a slurry mixture of natural ore and acid into a designated on-site catchment system. In August 2014, the Supervising Scientist confirmed there has been no impact to the surrounding environment as a result of the leach tank failure. There were no injuries to employees or contractors. Processing operations were suspended pending investigations conducted by Northern Territory and Commonwealth regulators into the integrity of the Ranger processing plant and related maintenance and safety systems. ERA co-operated fully with these investigations and with the Government-appointed taskforce charged with overseeing the regulatory response to the leach tank failure.

In parallel with the regulatory investigations, ERA commissioned independent investigations into the root cause of the failure of Leach Tank 1 and the integrity and maintenance of the Ranger processing plant. The findings of these investigations formed the basis of ERA's restart readiness plan which was approved by the ERA Board and announced to the Australian Stock Exchange on 9 April 2014.

A progressive restart of the Ranger processing plant commenced on 5 June 2014 following receipt of written approval to recommence processing operations from the Commonwealth Minister for Industry and the Northern Territory Department of Mines and Energy.

Following the recommencement of processing operations, plant milling rates have returned to normal levels with some impacts still being seen on uranium recovery levels due to restrictions on the availability of leach tanks in the period.

Outlook

ERA expects that the uranium market will remain challenging in the near term, however, the long term outlook remains encouraging for established producers.

At this time, ERA expects uranium production for 2015 to be within the range of 1,600 tonnes to 2,200 tonnes. ERA expects that sales of uranium oxide in 2015 to be broadly in line with production.



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Ranger 3 Deeps

The Ranger 3 Deeps Exploration Decline was completed in the fourth quarter of 2014, on schedule and on budget, with a final decline face position of 2,710 metres.

The major activities contributing to the Ranger 3 Deeps Prefeasibility Study have been substantially completed, including 47,000 metres of underground resource drilling and key mine planning activities.

The Prefeasibility Study underwent review by the ERA Board in January 2015. ERA will undertake further work to review key technical parameters and further optimise the development pathway. This work is being executed in a manner to minimise the impact on the overall project schedule. Based on current assumptions, including foreign exchange rate, prices, costs, resource and mining techniques, ERA is likely to require capital at a future date for the development of Ranger 3 Deeps. Subject to satisfactory completion of the Prefeasibility Study, including the additional technical work, it is expected that the Board will consider progressing to Feasibility Study as soon as is practicable later in 2015.

Dependent on the outcome of further work, and subject to Board and regulatory approvals, first development ore for Ranger 3 Deeps is now expected to be in 2016.

The draft Environmental Impact Statement for the proposed Ranger 3 Deeps underground mine was lodged with the Northern Territory Environmental Protection Authority and the Commonwealth Department of the Environment on 3 October 2014.

The public consultation period closed on 12 December 2014 and a Supplementary Environmental Impact Statement is expected to be lodged in the first half of 2015.

Exploration

Surface exploration drilling on the Ranger Project Area continued during 2014 with 25 holes completed for 11,184 metres drilled. Drilling continued until late November 2014 when wet season rainfall began. No significant intercepts were identified during the year. Further drilling is planned in 2015 to finalise the exploration program at a location identified as Anomaly 5.

Progressive Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued during 2014. Following the completion of the initial backfill of Pit 3 in the September 2014 quarter, the infrastructure to enable Pit 3 to receive tailings for final deposition was installed. This was delivered on time and within budget.

In addition the Company completed initial capping of Pit 1, this involved placement of 2.5 metres of waste material over the backfilled pit.

In 2013, the ERA Board approved the construction of a dredge and tailings transfer infrastructure to transfer tailings from the current Tailings Storage Facility into Pit 3 for final storage. This project commenced construction in 2014 for an estimated total cost of \$69 million. Commissioning is scheduled to be completed by mid-2015. In line with the other rehabilitation costs, this expenditure will be allocated to the rehabilitation provision in the balance sheet. The project is progressing on schedule and budget and is the first step in decommissioning the Tailings Storage Facility. The project is a key component of rehabilitation of the Ranger Project Area.

In line with normal practices the Company performed a detailed review of the rehabilitation provision estimate which resulted in a decrease to the provision of \$74 million. The change in estimate considered updated technology and learnings from work conducted to date, both at Ranger and other operations. The key change related to the use of more efficient technology in thickening tailings transferred from the existing Tailings Storage Facility to Pit 3. The overall rehabilitation strategy remains unchanged.



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Dividends

In light of the significant investments currently being undertaken by ERA and the challenging market conditions faced, the ERA directors have decided not to declare a final dividend for the 2014 financial year (2013: Nil).

Competent Person

The information in this report relating to exploration results and mineral resources is based on information compiled by geologist Greg Rogers, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Greg Rogers is a full-time employee of ERA and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Greg Rogers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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 three decades. Ranger mine is one of only three mines in the world to produce in excess of 110,000 tonnes of uranium oxide.

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

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

Located on the 79 square kilometre Ranger Project Area, Ranger mine is surrounded by, but separate from, the World Heritage listed Kakadu National Park.

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