ERA Energy Resources of Australia Ltd

ABN 71 008 550 865
A member of the Rio Tinto Group

Head office Level 3, Energy House,
18-20 Cavenagh St, Darwin NT 0800
GPO Box 2394, Darwin NT 0801, Australia
T +61 8 8924 3500 F +61 8 8924 3555

Ranger mine Locked Bag 1,
Jabiru NT 0886 Australia
T +61 8 8938 1211 F +61 8 8938 1203

www.energyres.com.au

16 February 2015

Company Announcements Office
Australian Stock Exchange Limited
Level 4, Stock Exchange Centre
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

Energy Resources of Australia Ltd (ERA) – 2014 Annual Report

Please find attached a copy of ERA's 2014 Annual Report.

Copies of the Annual Report are expected to be dispatched to all shareholders who have elected to receive a copy of the Annual Report on or about 6 March 2015.

ERA's Annual General Meeting will be held at 9.30am (ACST) on Tuesday 14 April 2015. A copy of the Notice of Annual General Meeting is expected to be sent to all shareholders on or about 6 March 2015.

Yours faithfully

Thomas Wilcox
Legal Counsel | Company Secretary

ANNUAL REPORT 2014

Powering tomorrow

ERA

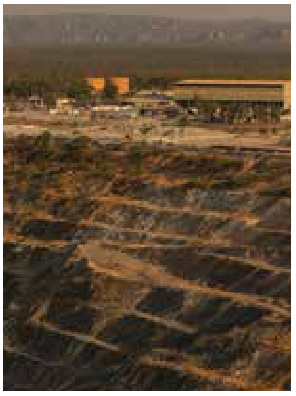
2014 – Year in Review

Surrounding environment remains protected, as confirmed by the Supervising Scientist, Commonwealth Department of the Environment

Refer to page 14 for further detail

Ranger 3 Deeps Exploration Decline project completed on schedule and on budget

Refer to page 17 for further detail



Processing operations resumed following recovery from Leach Tank 1 failure. No impact on the surrounding environment

Refer to page 14 for further detail

Major activities of the $57 million Prefeasibility Study into underground mining substantially completed

Refer to page 18 for further detail

Draft Environment Impact Statement for proposed underground mining operation submitted to regulators

Refer to page 19 for further detail

Brine Concentrator processed 844 megalitres of water in first full year of operations

Refer to page 14 for further detail

More than $23 million in additional cost savings in 2014 as part of ERA's ongoing Business Review

Refer to page 13 for further detail

Produced 1,165 tonnes and sold 3,148 tonnes of uranium oxide

Refer to page 14 for further detail

69 female employees (18 per cent of employees) and 47 Indigenous employees (12 per cent of employees)

Refer to page 48 for further detail

Net loss after tax – $188 million. $293 million in cash on hand

Refer to page 12 for further detail

Ahead of schedule on the rehabilitation of Pit 3, with 33.7 million tonnes backfilled, and brine injection infrastructure installed

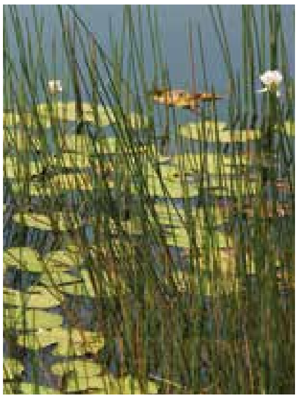
Refer to page 15 for further detail

Capping in Pit 1 rehabilitation nearing completion

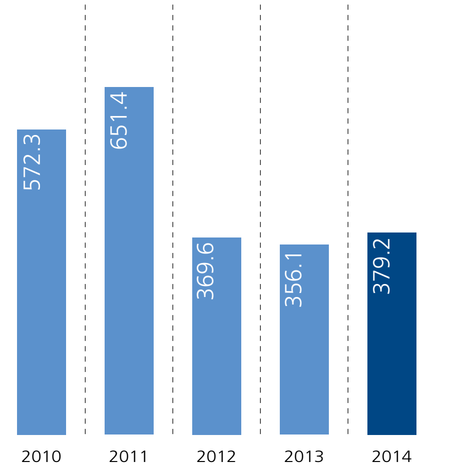
Refer to page 15 for further detail

Revegetation of Jabiluka pond rehabilitation site completed with additional 4,679 native tubestock planted

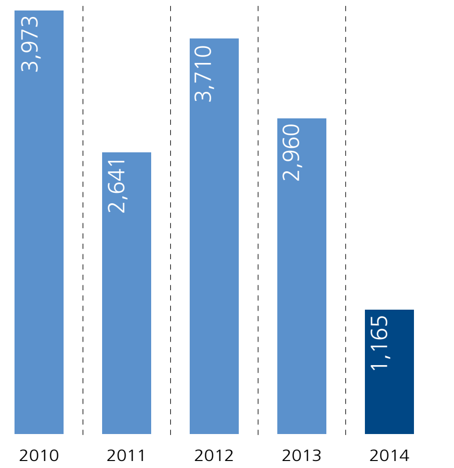
Refer to page 15 for further detail



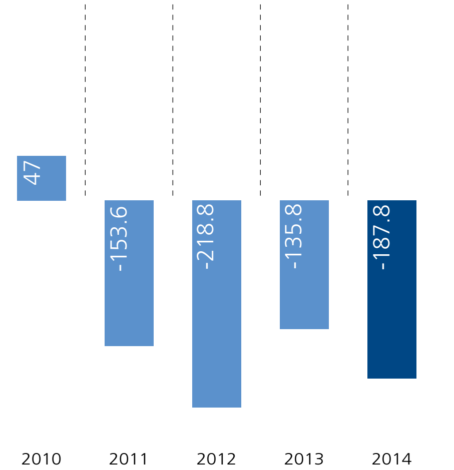
Sales Revenue ($M)



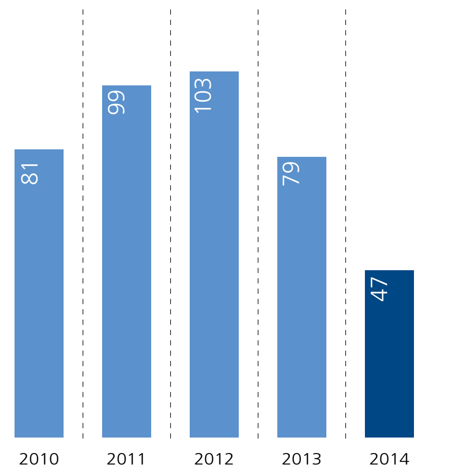
Drummed Production Tonnes (t)



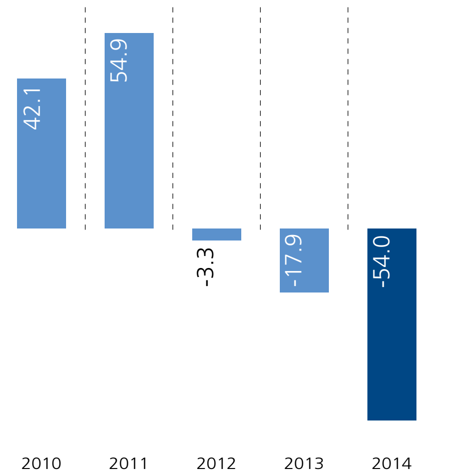
Net Profit After Tax ($M)



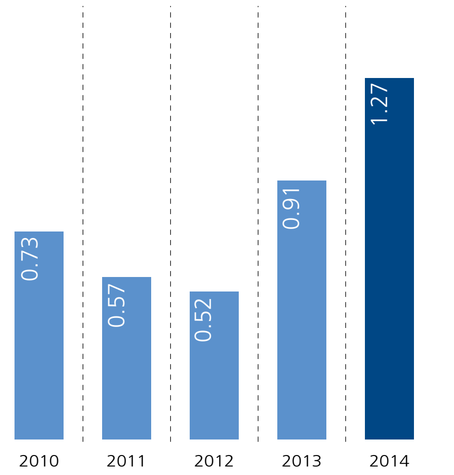
Indigenous Employees (FTE's)



Operating Cashflow ($M)



All Injury Frequency Rate (per 200,000 hrs worked)



Navigate our Annual Report to see how we're **Powering Tomorrow**.

Throughout the report these icons are used to highlight key areas of our activity

- Safety
- Environment
- Communities and Government
- People
- Operations
- Business performance

Contents

2014 Annual Report

Sustainable Development Report

ERA is demonstrating strong environmental management practices as it continues to make progress on the rehabilitation of the exhausted Pit 1 and Pit 3 open cut mines.

Company Profile

Energy Resources of Australia Ltd (ERA) operates the Ranger uranium mine in the Northern Territory of Australia. As Australia's longest continually operating uranium producer, ERA has been reliably supplying customers in Asia, Europe and North America for more than three decades.

ERA sells its product to international power utilities under strict international and Australian Government safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes.

Ranger is one of only three mines in the world to have produced in excess of 110,000 tonnes of uranium oxide (U_3O_8).

ERA is currently processing stockpiled ore following the completion of open cut mining in 2012 and has been conducting underground exploration of the Ranger 3 Deeps mineral resource as it prepares for a potential transition to underground mining.

ERA is demonstrating strong environmental management practices as it continues to make progress on the rehabilitation of the exhausted Pit 1 and Pit 3 open cut mines.

Located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory, the Ranger mine lies within the 79 square kilometre Ranger Project Area. In addition, ERA holds the world-class Jabiluka Mineral Lease. In accordance with the Jabiluka Long Term Care and Maintenance Agreement, Jabiluka 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.

ERA's uranium mining activities are regulated through Commonwealth and Northern Territory legislation. Additional operating agreements have been entered into by the Northern Land Council on behalf of the Traditional Owners under the Commonwealth *Aboriginal Land Rights (Northern Territory) Act 1976*.

Further agreements covering the Ranger Project Area were reached in January 2013 by the Gundjeihmi Aboriginal Corporation, on behalf of the Mirarr Traditional Owners, the Northern Land Council, ERA and the Commonwealth Government.

The Company's shares are publicly held and traded on the Australian Securities Exchange, with Rio Tinto, a diversified resources group, holding 68.4 per cent of ERA shares.

Acknowledgement

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

Chairman's Report

In last year's annual report, I outlined the key areas of strategic focus for the Company during 2014. These included recovering momentum and regaining community and stakeholder confidence following the leach tank failure and paving the way for a future as an underground miner with a significantly smaller environmental footprint that can contribute to the global energy market and local economy.

PETER MCMAHON
CHAIRMAN

I can report that during 2014 the Company's key developments reflected the strategic focus set by the Board.

The Supervising Scientist, Commonwealth Department of the Environment, confirmed there was no detrimental impact to the surrounding environment or to the Kakadu National Park as a result of the leach tank failure. Although our protective spill containment systems worked as designed, we do recognise that the failure caused concern among our stakeholders and the community.

Both the Board and management understand the importance of ensuring the safety and environmental performance of the Ranger mine and the need to maintain stakeholder confidence in the operations at Ranger.

Following the leach tank failure, the Company worked closely and openly with stakeholders on detailed investigations and reviews into the cause of the failure and on ensuring the integrity of other key assets. Most importantly, ERA management introduced permanent changes to process safety to help prevent any recurrence.

Momentum was recovered during the year with Ranger achieving a safe and successful restart of processing operations. Ahead of receiving regulatory approvals, the Board agreed a scope of work in April to be undertaken to bring the plant to readiness for restart. By year end 2014 Ranger production was within our market guidance.

The completion of the Ranger 3 Deeps Exploration Decline and the associated underground exploration drilling program has helped pave the way to a potential underground mine.

In 2011 the Board approved the $57 million Prefeasibility Study into the Ranger 3 Deeps project. The major activities contributing to the Prefeasibility Study were substantially completed in 2014.

Following the public comment period on the Ranger 3 Deeps draft Environmental Impact Statement, a supplementary Environmental Impact Statement will be lodged to allow for a government determination on the project later in 2015.

The Company is committed to meeting its rehabilitation obligations. Our credentials in this regard were demonstrated in 2014 with substantial progress in major rehabilitation projects.

ERA continues to make appropriate provision for the completion of rehabilitation. In addition, we maintain with the Commonwealth Government the Ranger Rehabilitation Trust Fund to provide security against the estimated costs of closing and rehabilitating the mine immediately. This is independently assessed and the Trust is made up of cash and bank guarantees.

We have also continued to work with the Gundjeihmi Aboriginal Corporation, representing the Mirarr Traditional Owners. In particular the Relationship Committee, established under the Mining Agreement, met regularly in 2014 and is helping promote information sharing and collaboration. The committee is important in providing an opportunity to discuss issues of importance to the relationship, overseeing compliance with the Mining Agreement and allowing collaboration on issues such as the future of Jabiru, local housing needs, water management and local employment.

We are at a critical juncture in ERA's 30 year history and it comes at a time when global concern about climate change continues to reinforce the key role to be played by nuclear power in generating reliable, low emissions base load power.

This discussion is taking place in Australia and overseas, and is reflected in new commitments to nuclear energy, ranging from the approval for restart of Japanese reactors to China's nuclear expansion program. The majority of the growth in nuclear generation capacity is expected to come from Asia, including India.

While in the short term the market will remain characterised by oversupply and softer demand, which contribute to weakness in spot prices, the spot price recovery from lows of US$28.23 per pound in mid-2014 to a year-end price of US$35.50 per pound is a positive trend. It is forecast to strengthen in the medium to long term.

Japan's decision to give final approval for the restart of two reactors for Kyushu Electric Power Co. in November helped mark a shift in market sentiment. This was supported by China's commitment to cap its carbon emissions by 2030 and increase the share of non-fossil fuels in its energy production. It has also been reinforced by commentary on the importance of nuclear power in addressing climate change. For example, in December 75 leading conservation scientists from around the world argued in an open letter to environmentalists that nuclear power generation needed to be part of the future global energy mix to reduce greenhouse gas emissions and protect biodiversity.

World-wide there are currently 436 operating reactors, with 71 under construction, and a further 174 planned.

In this context Ranger 3 Deeps is an important part of positioning the Company to take advantage of the projected recovery in uranium prices and to support the demand for low emissions power generation. ERA remains focused on managing its operations responsibly and meeting its commitments under the current Mining Agreement, while continuing to progress the Ranger 3 Deeps underground mine project. In closing I would like to express my appreciation to all the ERA team for their efforts during a demanding year.

Peter McMahon
Chairman

Chief Executive's Report

ERA made a strong return to full operations in 2014 after receiving all regulatory and stakeholder approvals in June for a progressive restart of processing activities following the failure of Leach Tank 1 in December 2013.

ANDREA SUTTON
CHIEF EXECUTIVE

Throughout a safe recovery operation, ERA also delivered on key strategic projects, continued structural changes towards a leaner and more agile business and worked to rebuild and strengthen relations with our key stakeholders.

During the year ERA milled 1.3 million tonnes of stockpiled ore and produced 1,165 tonnes of uranium oxide, secured sales of drummed uranium of $379 million and reported a net loss after tax of $188 million.

The business also achieved savings of more than $23 million and exceeded the $150 million target set for the end of 2014. This continues to be a focus for the business and further initiatives are underway. Delivery of cash generation initiatives and cost reductions is a key part of structural and operational changes necessary to create a leaner and more agile organisation for the transition to underground mining.

There has been a necessary reduction in workforce size associated with the completion of open cut mining operations and the fact that we are processing stockpiled, lower grade ore.

ERA's Ranger 3 Deeps underground mine project is progressing, with a draft Environmental Impact Statement submitted to the Northern Territory and Commonwealth governments in October.

The draft Environmental Impact Statement was open for public comment for 10 weeks. Feedback will be incorporated into a supplementary Environmental Impact Statement. The major activities contributing to the Prefeasibility Study into Ranger 3 Deeps were substantially completed by year end. The Prefeasibility Study assesses the technical, operational, economic, environmental and social impacts of underground mining. An independent Social Impact Assessment which formed part of the draft Environmental Impact Statement found that proceeding with the underground mine would deliver significant and sustainable benefits to the local community.

2014 also saw the completion of the underground Exploration Decline and associated infrastructure. Completion of the underground exploration drilling program and a cross-cut into the main ore body to obtain further data to optimise the underground mine design were also achieved during the year.

The drilling results show high grade intersections and as announced on 17 September 2014, an increase in the resource model estimate to 34,761 tonnes of uranium oxide. A total of 47,000 metres of underground exploration drilling was completed. Both the Exploration Decline and the exploration drilling occurred on time and within budget.

A key focus of activities for ERA in the first half of 2014 was recovery from the failure of Leach Tank 1 on 7 December 2013.

A taskforce was established by the Commonwealth and Northern Territory governments to provide a coordinated regulatory response to the recovery works and investigations. The taskforce included representatives from the Commonwealth Department of Industry (now the Department of Industry and Science), the Northern Territory Department of Mines and Energy, NT Worksafe, the Supervising Scientist, Commonwealth Department of the Environment, the Gundjeihmi Aboriginal Corporation and the Northern Land Council.

Restart was approved by regulators on 5 June 2014 following independent inspection and certification of critical assets as being fit for service.

A key outcome of the investigations and recovery works was the development of the ERA Process Safety Improvement Action Plan, which will be reviewed on a quarterly basis by the Commonwealth and Northern Territory governments. The plan has introduced improvements to ERA's Process Safety systems and imposed tighter governance of critical asset surveillance and maintenance regimes.

ERA's safety performance in 2014 showed a decline compared with 2013. The All Injury Frequency Rate (AIFR) was 1.27 (2013: 0.91). There were eight lost time injuries and one medical treatment case. In response we have undertaken a range of measures including increased safety training and prestart safety planning for maintenance crews. We also developed 17 critical control management plans for identified critical risks.

ERA's progressive rehabilitation program reached significant milestones in 2014. In effect, the 2014/15 wet season represents "peak storage" for the Tailings Storage Facility and marks a key turning point for ERA as tailings are progressively transferred into Pit 3 following the initial backfilling and installation of drainage in the Pit and as the Brine Concentrator reduces the volume of process water in the Tailings Storage Facility.

In Pit 1, ERA completed the pre-load rock capping to compress the tailings. A clay barrier is also being placed over the pre-load layer to allow the Pit 1 rainwater catchment to be formally reclassified from process water to pond water, significantly reducing inputs to the Tailings Storage Facility. From 2017 the final rock backfill will be placed ahead of shaping the final landform and preparing for revegetation.

In addition, ERA continued to work with Gundjeihmi Aboriginal Corporation and the Mirarr Traditional Owners on a range of issues, including the rehabilitation and revegetation of the site of the former Interim Water Management Pond at Jabiluka.

Working and collaborating with the Mirarr Traditional Owners and other community stakeholders continues to be a central focus of our business.

ERA and the Gundjeihmi Aboriginal Corporation are represented on and contribute to the new Kakadu West Arnhem Social Trust, which administers funding for cultural, educational and other social programs in the region.

ERA and the Gundjeihmi Aboriginal Corporation also continue to engage through a number of formal structures that support regular meetings and sharing of information.

More broadly in the community, ERA continued support for local festivals, engaged with local schools and students through the Education Partnership with the West Arnhem College which entered its fifth year, funded the fifth and final year of the $28,000 Chaloupka Foundation Fellowship for Aboriginal rock art and raised funds for CareFlight through the Jabiru Triathlon.

2014 has been a challenging and rewarding year, in which we have successfully and safely achieved full mill throughput, identified and acted on opportunities for improvement, demonstrated industry leading expertise in rehabilitation, and readied the organisation for the potential transition to underground mining.

These achievements are testament to the quality, dedication and expertise of our people and the continued support of our key stakeholders. I look forward to working with the ERA team again in 2015.

A Sutton

Andrea Sutton
Chief Executive

2015 Objectives

The Company's objective is to prepare for a future as an underground miner with a significantly smaller environmental footprint, generating shareholder value and contributing to the local economy.

AREA	OBJECTIVES
Health, Safety and Environment	**Committed to the goal of zero harm** • Implement the recommendations of the Process Safety Improvement Action Plan • Focus on strong safety leadership with extensive employee and contractor engagement • Demonstrate a sound understanding of critical risk profiles within the organisation and monitor using Critical Control Management Plans • Fully integrate underground health and safety standards into existing management system in preparation for the potential transition to Ranger 3 Deeps mining operation • Continue to protect the surrounding environment and ensure ERA's operations do not impact on the values of the World Heritage-listed Kakadu National Park through risk assessment and effective environmental management plans
Financial	**Maximise cash generation and shareholder value** • Optimise the business to adapt to lower production levels and market conditions • Maximise value from potential development options, including Ranger 3 Deeps • Continue to identify further opportunities for operational efficiencies and cost savings • Work with suppliers to improve delivery of goods and services in a cost effective way
Ranger 3 Deeps	**Evaluate and identify the optimal development pathway for Ranger 3 Deeps** • Submit supplementary Environmental Impact Statement • Engage and work collaboratively with the Gundjeihmi Aboriginal Corporation and other key stakeholders to gain support for the project • Secure statutory approvals for the project • Execution of the optimal development option for Ranger 3 Deeps commences
Operations	**Economically produce uranium from stockpiled ore while integrating rehabilitation activities** • Maximise production of uranium oxide • Optimise Brine Concentrator operations for a consistent production rate of 1.8 gigalitres of clean water per annum
Rehabilitation	**Continue progressive rehabilitation of the Ranger Project Area** • Successfully convert Pit 1 into a pond water catchment • Commission Pit 3 tailings and brine management infrastructure and commence transfer of dredged tailings from the Tailings Storage Facility to Pit 3 • Progress definition of closure criteria through the closure criteria working group
Communities and Government	**Develop a shared understanding and strengthen relationships with key stakeholders** • Actively engage, through effective dialogue and information sharing, with the Gundjeihmi Aboriginal Corporation on behalf of the Mirarr Traditional Owners, to achieve mutually beneficial outcomes for the business and Traditional Owners • Secure appropriate approvals to ensure ongoing business operations through engagement with governments, government agencies, Traditional Owners and other key stakeholders • Engage with governments, government agencies and other key stakeholders to ensure timely outcomes on development projects and operations • Continue to develop a long term vision for Jabiru with Traditional Owners, governments and stakeholders • Ongoing implementation of the objectives of the Ranger Mining Agreement, including business development, training and land management
People	**Foster a diverse, committed and capable workforce** • Manage opportunities for employees in the transition to a potential underground mining operation • Continue to grow the diversity of the ERA workforce • Continue to support and develop ERA's leaders through leadership programs and individual development plans • Continue to use flexible people management strategies to ensure a committed and capable workforce • Continue to grow our regional training and development plan

… prepare for a future as an underground miner with a significantly smaller environmental footprint, generating shareholder value and contributing to the local economy.

Operating and Financial Review

> A new assessment of opportunities for improving efficiency as part of preparations for underground mining is now underway.

Financial Performance

CASH FLOW

Operating cash flow was negative $54 million for the 12 months ending 31 December 2014 (2013: negative $18 million). The absence of production in the first half of the year was offset by cash generated from sales from inventories, a sustained focus on cash preservation and delivery of business improvement initiatives.

Total cash flow result for the year is inclusive of expenditure of $83 million for exploration and evaluation, $12 million for capital expenditure and $57 million for rehabilitation projects. The cash balance for the year decreased from $357 million at 31 December 2013 to $293 million at 31 December 2014.

EARNINGS

ERA recorded a net loss after tax of $188 million for the 12 months ending 31 December 2014 (2013: loss of $136 million).

Earnings were impacted by a draw down in inventory associated with the plant suspension, the purchase of uranium oxide and exploration and evaluation expenditure relating to the Ranger 3 Deeps Exploration Decline and Prefeasibility Study. This was partially offset by reduced non-cash costs and increased sales revenue.

ERA began a progressive restart of operations in June and returned to full mill throughput in the September quarter.

REVENUE

In the delivery of reliable, long term supply of uranium oxide to customers, ERA principally focusses on sales into long term contracts.

In 2014 ERA's revenue from the sale of uranium oxide was $379 million (2013: $356 million).

Sales of uranium oxide were 3,148 tonnes (2013: 2,815 tonnes).
Sales in the first half of 2014 were supplied by existing levels of finished goods inventory on hand. ERA purchased uranium oxide to meet committed sales in the third quarter of 2014.

In 2014, weakness in both the spot and long term uranium oxide indicators continued, adversely affecting ERA's average realised sale price.

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 Australia dollar continued to fall relative to the strengthening US dollar, exerting a positive influence on ERA's revenue, particularly in the fourth quarter of the year.

COSTS

All operating costs incurred (excluding the purchase of uranium oxide) while the plant was suspended were allocated to the Statement of Financial Performance rather than absorbed into inventories.

Expenditure on contractors increased due to progress on the Ranger 3 Deeps Exploration Decline and Prefeasibility Study along with costs associated with the leach tank recovery works.

Raw materials and consumable costs were lower due to the suspension of processing operations.

Further savings have been achieved through improved procurement practices, reduction in the directly employed workforce and contractors, and continued focus on driving down corporate and overhead costs.

A lower asset cost base combined with reduced production in 2014 associated with the plant shutdown delivered a further decrease in non-cash costs (depreciation). Depreciation is largely calculated on a units of production basis.

With the construction of the Brine Concentrator in 2013 and no significant new capital development projects, capital expenditure in 2014 decreased to $12 million (2013: $91 million).

DIVIDENDS

ERA Directors have determined that a dividend for 2014 will not be paid. No dividend was paid in 2013.

FINANCIAL POSITION

Net assets have decreased during the year by approximately $188 million. Impacting this was a decrease in cash, property, plant and equipment along with lower inventory holdings. These were partially offset by an increased deferred tax asset.

Total liabilities have decreased primarily due to a reduction in the rehabilitation provision.

ERA maintains approximately $293 million of cash on hand.

REHABILITATION PROVISION

ERA's Integrated Tailings, Water and Closure Study has continued to optimise the rehabilitation plan for the Ranger Project Area. This review resulted in a decrease to the provision of $74 million.

The provision for rehabilitation represents the net present cost for rehabilitation as at 31 December 2014 and stands at $512 million (2013: $603 million). The key changes 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.

BUSINESS REVIEW

ERA's Business Review identified opportunities to operate more efficiently and reduce costs.

Introduced in 2011, the Business Review established cumulative operating cost saving targets of $150 million by the end of 2014. During 2014, the review achieved cost savings of more than $23 million, and exceeded the cumulative cost saving target of $150 million.

A new assessment of opportunities for improving efficiency as part of preparations for underground mining is now underway.

Further savings have been achieved through improved procurement practices, reduction in the directly employed workforce and contractors, and continued focus on driving down corporate and overhead costs.

Operations

During 2014 the restart of the Ranger processing operations involved a progressive ramp up as processing facilities were returned to service.

In line with production guidance, ERA produced 1,165 tonnes of uranium oxide in 2014 (2013: 2,960 tonnes).

PLANT PERFORMANCE

Following the progressive ramp up of operations, both of the main mills and the laterite mill performed at capacity and were fed with stockpiled ore.

The volume of ore treated during the year was 1.3 million tonnes (2013: 2.3 million tonnes). Average mill head grade was 0.11 per cent (2013: 0.15).

Milling rates of 305 tonnes per hour reflected strong milling plant performance associated with ERA's preventative maintenance program.

The processing shutdown in the first half of 2014 also provided an opportunity to conduct maintenance on the mills and associated equipment.

LEACH TANK RECOVERY

Following the failure of Leach Tank 1 in December 2013, ERA immediately suspended processing operations and fully cooperated with a range of investigations by the Commonwealth Department of Industry (now the Department of Industry and Science), the Northern Territory Department of Mines and Energy, the Commonwealth Supervising Scientist and NT WorkSafe. ERA also commissioned an independent investigation into the root cause of the failure and an independent review of the integrity of the processing plant.

▲ Preparation work in Pit 3

A government appointed taskforce comprising representatives from the Commonwealth Department of Industry (now the Department of Industry and Science), the Northern Territory Department of Mines and Energy, NT WorkSafe, the Supervising Scientist, the Gundjeihmi Aboriginal Corporation and the Northern Land Council was established to provide a coordinated regulatory response to the leach tank failure. The taskforce provided input and oversight of recovery works and investigations.

On behalf of the Northern Territory and Australian Governments, independent experts Noetic Risk Solutions and HRL Technology conducted an intensive investigation of the leach tank circuit and other critical infrastructure and ERA's restart plans and plant integrity monitoring program.

Their final report was delivered to the Northern Territory and Commonwealth governments in October.

In August the Supervising Scientist confirmed there has been no impact to the surrounding environment as a result of the leach tank failure.

In response to the learnings from the leach tank recovery, ERA has produced a detailed plan for the improvement of process safety management and governance at Ranger, the Process Safety Improvement Action Plan.

BRINE CONCENTRATOR

2014 was the first full year of operation for the Brine Concentrator (See Environment, page 43).

The Brine Concentrator uses scientifically proven technology to treat process water stored in the Tailings Storage Facility.

During 2014 ERA worked with manufacturer HPD, a subsidiary of Veolia Water Solutions and Technologies, on optimisation of throughput and treatment settings to maximise output.

During 2014 the Brine Concentrator produced a total volume of 844 megalitres of distillate.

PROGRESSIVE REHABILITATION – PIT 3

The initial backfill of Pit 3 was successfully completed in August, with a total of 33.7 million tonnes of waste rock placed into the pit.

ERA also completed installation of five brine injection wells, and a drain and extraction pump system which will enable injection of the waste brine from the Brine Concentrator into the pit and the transfer of dredged tailings from the Tailings Storage Facility.

A dredge has been designed and constructed to operate within the Tailings Storage Facility and will facilitate the transfer and pumping of tailings to Pit 3.

This work means that in 2015 ERA will have reached a significant rehabilitation milestone and tailings currently held in the Tailings Storage Facility will be progressively transferred to Pit 3, and the water in the Tailings Storage Facility will be progressively drawn down and treated.

The in-pit drainage and extraction pumping system installed in Pit 3 at the end of 2014 enables the removal of water associated with the tailings slurry mixture and water within the backfilled rock. This water returns to the Tailings Storage Facility from where it can be treated by the Brine Concentrator.

The injection wells allow brines produced by the Brine Concentrator to be safely stored within the backfilled rock.

Transfer of tailings to Pit 3 will begin in 2015, ahead of the eventual rock capping, landforming and revegetation with locally sourced native plant species. Final Pit 3 rehabilitation is to be completed by 2026.

PROGRESSIVE REHABILITATION – PIT 1

Both Pit 1 and Pit 3 are intended to encapsulate all mill tailings. Pit 1 is the most advanced with tailings having previously been placed in the pit as required by the Ranger Authority. That meant that rainwater run-off from the Pit 1 catchment had to be managed as process water and transferred to the Tailings Storage Facility.

Current activities are associated with dewatering of the tailings to allow for final capping and conversion of the pit from a process water catchment to a pond water catchment.

During the year ERA made significant progress on the rehabilitation of Pit 1, which involved installing drainage wicks and compressing the tailings mass with a pre-load rock layer placed over geotextile fabric.

The rock pre-load activates the drainage wicks, forcing the water in Pit 1 to travel to the surface where it is collected and pumped to the Tailings Storage Facility. Removal of the water promotes consolidation of the tailings and allows the placement of final capping and rehabilitation to occur.

ERA had completed the placement of the pre-load rock layer by year end and a trial plot constructed within Pit 1 demonstrated the effectiveness of an impervious clay liner placed over the rock layer for water management.

Analysis of rainwater run-off from the clay liner demonstrates that when completed the capped Pit 1 will be able to be managed as a pond water rain catchment area. Completion of the clay liner will allow the final bulk rock fill to be placed from 2017 ahead of landforming and revegetation.

A critical outcome of this change in water management for the Pit 1 water catchment area is a further and significant reduction in process water entering the Tailings Storage Facility.

REHABILITATION – JABILUKA POND

The other principal rehabilitation activity undertaken in 2014 was the continued work to revegetate the former site of the Jabiluka Interim Water Management Pond.

In conjunction with the Gundjeihmi Aboriginal Corporation and Mirarr Traditional Owners, ERA has worked to rehabilitate and revegetate disturbed areas of the Jabiluka lease, including the site of the now dismantled pond.

During 2014 the planting at Jabiluka was completed with an additional 4,679 local native tubestock trees planted at the landformed pond site (see Environment page 45).

ERA's overall approach is informed by outcomes from the large-scale trial landform project (see Land, page 45). This project identifies effective strategies for surface landform design, erosion control and revegetation techniques for plant species.

JABIRU AIRPORT

The Jabiru Airport is located on the Ranger Project Area. The airport provides a critical regional air transport service for mining operations, tourism, emergency services and local communities.

In October ERA completed asphalt resealing works on the airport runway and turning apron. The reseal covered an estimated 38,000 square metres to a depth of 25 millimetres. The airport was also recertified by the Civil Aviation Safety Authority.

JABIRU HOUSING AND ACCOMMODATION

ERA currently manages 279 houses in Jabiru. During 2014 ERA continued discussions with the Gundjeihmi Aboriginal Corporation relating to the future use of houses previously used to accommodate Ranger employees. Sixty houses were renovated and painted as part of routine maintenance.

Business Strategy

ERA is undergoing a business transition as it prepares for the proposed Ranger 3 Deeps underground mine.

This transition is in line with ERA's vision to be a world-class uranium supplier that contributes to environmental sustainability and is trusted by Traditional Owners, the community and its people.

ERA's key business objectives are to:

- develop a long term resource base on the Ranger Project Area;
- continue to operate effectively and safely;
- build and maintain strong stakeholder relationships; and
- demonstrate excellence in rehabilitation practices.

ERA considers that the implementation of these objectives will maximise shareholder value and benefit its stakeholders.

With the completion of open cut mining at Ranger, the future for ERA is focused on the potential development of a low impact underground mining operation.

The Ranger 3 Deeps underground mine is scheduled to progress in parallel with progressive rehabilitation of disturbed surface areas and continued management of water inventories.

Should the proposal for the development of the Ranger 3 Deeps underground mining operation proceed, ERA will continue to provide the world's nuclear utilities with reliable, high quality and competitive uranium supply.

In addition, the scheduled development of the Ranger 3 Deeps underground mine will position ERA to take advantage of an expected medium-term recovery in demand and prices for uranium.

▲ Kevin Horace at the ball mill, which is part of the ore grinding circuit of the Ranger processing plant

▲ The Ranger 3 Deeps Exploration Decline was completed in 2014

ERA's operations are located on Aboriginal land and are surrounded by, but separate from, the World Heritage-listed Kakadu National Park.

Respecting the culture and aspirations of Indigenous people in our community, particularly the Mirarr Traditional Owners, is a central element of ERA's overall strategy.

This respect is closely linked with our commitment to protect the environment. ERA continues to invest in water management infrastructure and progressive rehabilitation of the Ranger Project Area.

In addition to Ranger 3 Deeps, the Jabiluka Mineral Lease remains one of ERA's key assets. ERA has entered into a Long Term Care and Maintenance Agreement with the Mirarr Traditional Owners in relation to Jabiluka.

Future mining developments at Jabiluka will not occur without the consent of the Mirarr Traditional Owners.

RANGER 3 DEEPS EXPLORATION DECLINE

The Exploration Decline project, which was completed in 2014, comprised a three-phase construction program and an underground drilling program.

The first phase of development, completed in April 2014, involved construction of a 185 metre entrance portal and 1,900 metres of tunnel development.

The second phase of development involved construction of a low-profile ventilation shaft and an extension to the decline to a distance of 2,710 metres. The third phase involved a 40 metre cross-cut through the ore body.

The cross-cut was designed to gather further data to validate mine design assumptions. The exploration drilling program occurred in parallel with the decline construction and comprised a total of 47,000 metres of close spaced drilling.

The main objectives of the Ranger 3 Deeps underground drilling program were to:

- increase confidence in the known mineralisation to allow conversion to a mineral resource;
- understand the distribution and abundance of deleterious minerals such as carbonate;
- support the development of prefeasibility level mine plans; and
- explore those prospective areas with less historical drilling, particularly at the northern end of the deposit.

… the scheduled development of the Ranger 3 Deeps underground mine will position ERA to take advantage of an expected medium-term recovery in demand and prices for uranium.

▲ The 185 metre long entrance portal for the Ranger 3 Deeps Exploration Decline

Analysis of drilling results has significantly enhanced the resolution of the geological model and helped define the extent of the Ranger 3 Deeps mineralised zone (see Future Supply, page 22).

VENTILATION SHAFT

The six metre high and 5.5 metre wide Exploration Decline tunnel is continuously ventilated with fresh air pumped to the working areas.

During 2014 work was completed on the three metre diameter vertical ventilation shaft extending 280 metres below the surface. The ventilation shaft excavation encountered unstable ground near the surface in May and required a modification in construction techniques.

A corrugated steel cylinder – similar to the material used to create the decline entrance portal – was placed vertically within the upper portion of the ventilation shaft while the surrounding ground was reinforced with a mixture of cement and rock.

The ventilation shaft was successfully commissioned in October.

RANGER 3 DEEPS PREFEASIBILITY STUDY

The $57 million Prefeasibility Study into the potential development of the Ranger 3 Deeps underground mine assessed the economic viability of the proposed mine, including the preferred mining method and the expected metallurgical performance and production rates.

This work also included designs for associated surface infrastructure such as the power plant, cooling facilities for underground air supply, a paste plant for backfill operations, and additional low-profile ventilation shafts.

Environmental studies were also undertaken in support of the environmental assessment process to address both Northern Territory and Commonwealth environmental requirements. These studies examined a range of factors associated with the proposed underground mine across all operational phases (construction, operation and closure) including:

- radiation health and safety;
- water management;
- flora and fauna surveys;
- air quality;
- noise and vibration;
- hydrogeological assessment;
- cultural heritage;
- socio-economic assessment;
- transport; and
- closure planning.

As part of preparations for the proposed underground mine ERA's core sorting plant has been recommissioned to treat ore that contains high carbonate content.

The Prefeasibility Study has identified long-haul open stope mining with paste backfill as the preferred mining technique. This will require the construction of a paste plant at the surface.

The study has also developed a cost effective approach involving reuse of processed tailings material for the paste backfill operations required as part of the preferred stope and backfill mining technique.

The addition of cement to the wet tailings mix provides the necessary structural strength for use as paste backfill. Reusing tailings in this manner saves on backfill material costs, returns the tailings to their original underground location and reduces the volume of tailings to be placed in Pit 3.

The major activities contributing to the Ranger 3 Deeps Prefeasibility Study have been substantially completed, on schedule and on budget. ERA will undertake further work to review key technical assumptions and optimise the development pathway. Subject to satisfactory completion of this additional work, it is expected that the Board will consider progressing to Feasibility Study in 2015.

REGULATORY APPROVAL

Regulatory approval for the Ranger 3 Deeps underground mine is being pursued in accordance with the Northern Territory *Environmental Assessment Act* and the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*.

The Northern Territory Environmental Protection Agency and the Commonwealth Department of Environment have determined that the proposed underground mine requires assessment at the level of Environmental Impact Statement through a single assessment process.

The draft Environmental Impact Statement for the Ranger 3 Deeps underground mine was submitted to the assessment agencies and the public comment period commenced on 3 October.

During the following ten-week review period members of the public and interested parties were invited to comment on the project.

A series of public meetings and information sessions were held in Jabiru, Gunbalanya and Darwin during the review period to raise awareness of the project.

In addition, ERA held four community information days from June to September, and conducted bus tours of the Ranger mine site, at which information was provided about the proposed mine.

During the public review phase, hard copies of the draft Environmental Impact Statement were made available in Jabiru at the ERA community office, the offices of the Gundjeihmi Aboriginal Corporation and the Northern Land Council, and the West Arnhem Regional Council.

Hard copies were also available in Darwin at the Northern Territory Library, the Northern Territory Environment Centre, the Mines and Energy Information Centre, and offices of the Northern Territory Environment Protection Authority and Commonwealth Department of the Environment.

Consideration of the submissions received will form part of the process for developing a supplementary Environmental Impact Statement, which is expected to be submitted to the Northern Territory Environment Protection Authority and the Commonwealth Department of the Environment in the first half of 2015.

More information about the draft Environmental Impact Statement approval process can be found at the Department of Environment website: www.environment.gov.au

BUSINESS RISKS

The business risks that could adversely affect the achievement of the financial performance or financial outcomes set out in this section are described below.

Exploration and project development risks

Exploration activities are inherently uncertain. There is a risk that the exploration activities undertaken by ERA may not be successful in delineating economically mineable reserves and resources.

There is also a risk that the development of the Ranger 3 Deeps resource may not be economically viable within the time constraints of the Ranger Section 41 Authority.

If the Ranger 3 Deeps resource is not economically viable within the current Ranger Section 41 Authority, an extension may be sought. There is no guarantee that an extension could be obtained.

Rehabilitation

ERA currently has authority to produce uranium oxide at the Ranger Project Area until January 2021 and must fully rehabilitate the site by January 2026. The ultimate cost of rehabilitation is uncertain and while ERA has used its best estimate, costs may vary in response to factors such as legal requirements, technological change and market conditions.

In addition, if the Ranger 3 Deeps mine is not developed, in the absence of any other successful development, ERA may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area.

Any inability to obtain additional capital or to monetise assets would have a material impact on ERA's business and financial performance.

Water management

Management of water on the Ranger Project Area is critical to the ongoing operation of the Ranger mine and rehabilitation activities. ERA has a number of procedures and initiatives underway in respect to water management, including the Brine Concentrator. To the extent that these initiatives cost more than expected or ERA is required to implement further initiatives, ERA's financial and operational performance and position may be impacted.

Uranium market demand, price and foreign exchange risks

ERA's business relates primarily to the production and subsequent sale of uranium oxide to a variety of customers. Demand for, and pricing of, uranium oxide remains sensitive to external economic and political factors, many of which are beyond ERA's control. Global uranium and foreign exchange market fluctuations may materially affect ERA's financial performance.

General regulatory risks

Uranium mining in Australia is extensively regulated by Commonwealth, State and Territory Governments. In particular, the approval processes for uranium mining are more onerous, and therefore more costly, than for the mining of other minerals.

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 aspects that may be affected include, among other things, land access rights, the granting of licences and other tenements, the extension of mine life and the approval of developments.

Capital and liquidity risks

The future liquidity and capital requirements of ERA will depend on many factors, including foreign exchange rate, prices, costs, resource and mining techniques. In particular, if ERA wishes to develop the Ranger 3 Deeps underground mine, based on current assumptions, ERA is likely to require capital at that time. Any inability to obtain sufficient capital would have a material impact on ERA's business and financial performance.

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 access bank guarantees can be influenced by many factors including, cash balance, future cash flows and shareholder support. Guarantees are generally renewed annually. Should renewal not occur, additional cash would be required to be deposited into the Trust Fund.

Regulators and stakeholders

Regulatory approvals will be required to commence any production from the proposed Ranger 3 Deeps mine or on any other parts of the Ranger Project Area. If regulatory approvals are not obtained in the proposed timeframe, or are obtained on unsatisfactory conditions, ERA will not be able to proceed with those developments.

Jabiluka

In relation to Jabiluka, ERA has agreed that future mining development will not occur without the consent of the Mirarr Traditional Owners. There is no guarantee that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed.

◀ ERA General Manager Operations, Tim Eckersley

ERA’s planning and operational activities are built on a comprehensive water management strategy based on industry leading monitoring systems.

Future supply

▲ Underground Construction Supervisor, Ross Howard, at one of the refuge chambers in the Ranger 3 Deeps Exploration Decline

EVALUATION AND EXPLORATION

During 2014 ERA completed work on the $120 million Exploration Decline to enable close spaced underground drilling of the Ranger 3 Deeps mineral resource to be undertaken. The major activities contributing to the $57 million Prefeasibility Study into the proposed Ranger 3 Deeps underground mine were also substantially completed (see Operating and Financial Review, page 18).

ERA has reviewed the Ranger 3 Deeps resource model and has made appropriate adjustments to the mineral resource statement.

The updated resource model estimate is 12.2 million tonnes at 0.285% U_3O_8 equating to 34,761 tonnes of uranium oxide.

This compares to the previously reported estimate of 11.9 million tonnes at 0.274% U_3O_8 equating to 32,620 tonnes of contained uranium oxide.

During 2014, ERA also conducted surface exploration drilling on the Ranger Project Area at a cost of $5.8 million (2013: $10.5 million).

This exploration targeted deep structurally complex areas generated by analysis and interpretations of geology, geochemistry and geophysics to define and determine potential additional resources on the Ranger Project Area.

No significant intersections were encountered.

RANGER PROJECT AREA RESERVES AND RESOURCES

During 2014, ERA processed 1,444 tonnes of uranium oxide. Consequently, the Probable Ore Reserves for Ranger decreased from 6,756 tonnes of uranium oxide to 6,206 tonnes of uranium oxide.

The depletion was partially offset by a variance in the recovery of uranium oxide (894 tonnes) from stockpiled ores relative to the uranium oxide predicted by the stockpile resource model. During the reporting period, all processed ore was sourced from either run of mine stocks or low grade stockpiles.

For the same period, Ranger Mineral Resources decreased by 3,623 tonnes of uranium oxide, from 56,334 tonnes to 52,711 tonnes. The decrease was mainly due to the placement of low grade ores in Pit 3 as part of the initial backfill process.

The table below sets out the reconciliation of Ranger Ore Reserves.

JABILUKA RESERVES AND RESOURCES

The Jabiluka Mineral Lease (MLN1) remains under long term care and maintenance.

In accordance with the Long Term Care and Maintenance Agreement, development by ERA will not proceed without the approval of the Mirarr Traditional Owners.

The reserves and resources at Jabiluka remained unchanged during the year at 67,700 tonnes (reserves) and 73,940 tonnes (resources) of contained uranium oxide.

Ranger Ore Reserves

RANGER ORE RESERVES RECONCILIATION

ORE RESERVES	URANIUM OXIDE (U_3O_8 TONNES)*
Ranger Ore Reserves as at 1 January 2014	**6,756**
Depletion by processing (primary and laterite ores)	(1,444)
Favourable Stockpile model variance in Primary Stockpile	736
Favourable Stockpile model variance in Laterites	158
Ranger Ore Reserves as at 31 December 2014	**6,206**

*Rounding differences may occur

GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

As a member of the Rio Tinto Group, ERA applies the standards of the Rio Tinto Ore Reserves Steering Committee (ORSC) in the generation and publication of Mineral Resources and Ore Reserves. Rio Tinto has established governance arrangements, in which ERA participates, to support this process.

The ORSC meets at least quarterly and is chaired by the Rio Tinto Group executive, Technology and Innovation. It comprises senior representatives from technical, financial and business groups within the Rio Tinto Group. 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 Persons. As well as the establishment of an enhanced governance process, there have been a number of process improvements and training initiatives introduced by the ORSC over recent years, including a web-based reporting and sign-off database, annual internal Competent Person reports and Competent Person development and training.

Internal sign-off of Mineral Resources and Ore Reserves for ERA is the responsibility of the Chief Executive and estimates are carried out by Competent Persons as defined by the JORC Code 2012. ERA's Competent Persons are all full time employees of ERA.

In addition to the arrangements and internal controls established by the ORSC, 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.

Ore Reserves and Mineral Resources Statement for 2014

	CUT-OFF GRADE – STOCKPILE ORE 0.08% U_3O_8			CUT-OFF GRADE – STOCKPILE ORE 0.08% U_3O_8		
	AS AT 31 DECEMBER 2014			AS AT 31 DECEMBER 2013		
	ORE (MT)	% U_3O_8	t U_3O_8	ORE (MT)	% U_3O_8	t U_3O_8
RANGER ORE RESERVES						
Current Stockpiles	5.05	0.123	6,206	5.47	0.123	6,756
Ranger No. 3 Pit In situ						
Proved	–	–	–	–	–	–
Probable	–	–	–	–	–	–
Sub-total Proved and Probable Reserves	5.05	0.123	6,206	5.47	0.123	6,756
Total Ranger No. 3 Stockpiles, Proved and Probable Reserves	**5.05**	**0.123**	**6,206**	**5.47**	**0.123**	**6,756**

	CUT-OFF GRADE – STOCKPILE RESOURCE 0.02% U_3O_8 UNDERGROUND INSITU RESOURCE 0.15% U_3O_8			CUT-OFF GRADE – OPEN PIT IN SITU RESOURCE 0.02% U_3O_8 UNDERGROUND INSITU RESOURCE 0.15% U_3O_8		
RANGER MINERAL RESOURCES						
In Addition To The Above Reserve						
Current Mineralised Stockpiles	38.29	0.05	17,844	49.89	0.05	23,037
In situ resource (R3 Deeps)						
Measured	2.78	0.32	8,922	–	–	–
Indicated	6.30	0.28	17,366	9.49	0.32	30,820
Sub-total Measured and Indicated Resources	47.37	0.09	44,128	59.38	0.09	53,857
Inferred Resources	3.50	0.25	8,579	0.65	0.38	2,477
Total Resources	**50.87**	**0.10**	**52,711**	**60.03**	**0.09**	**56,334**

	AS AT 31 DECEMBER 2014 CUT-OFF GRADE 0.20% U_3O_8			AS AT 31 DECEMBER 2013 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 ORE RESERVES						
Proved	–	–	–	–	–	–
Probable	13.80	0.49	67,700	13.80	0.49	67,700
Total Proved and Probable Reserves	**13.80**	**0.49**	**67,700**	**13.80**	**0.49**	**67,700**
JABILUKA MINERAL RESOURCES						
In Addition To The Above Reserve						
Measured	0.24	0.48	1,140	0.24	0.48	1,140
Indicated	4.30	0.36	15,330	4.30	0.36	15,300
Sub-total Measured and Indicated	4.54	0.36	16,440	4.54	0.36	16,440
Inferred Resources	10.90	0.53	57,500	10.90	0.53	57,500
Total Resources	**15.44**	**0.48**	**73,940**	**15.44**	**0.48**	**73,940**

Note: Ranger 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). In 2013, Jabiluka Ore Reserves and Mineral Resources were reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition (JORC Code 2004). On the basis that there was no new data or information available in 2014 that would require the estimates to be updated, Jabiluka Ore Reserves and Mineral Resources continue to be reported under the JORC Code 2004. Each of the JORC Code 2012 and the JORC Code 2004 envisage 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 tables also contain 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 and the JORC Code 2004. Estimates of such material are based largely on geological information with only preliminary consideration of mining, economic and other factors. While in the judgment 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 above table is sourced from the Energy Resources of Australia Ltd (ERA) 2014 Annual Statement of Reserves and Resources which was released to ASX on 6 February 2014 and can be found at: www.asx.com.au/asxpdf/20150206/pdf/42wg9j5tpg0ksw.pdf. Neither the information that relates to Ranger and Jabiluka Mineral Resources or Ore Reserves, nor the underlying resource models, has changed since the ERA 2014 Annual Statement of Reserves and Resources was disclosed to 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 Ranger and Jabiluka Mineral Resources is based on information compiled by geologists Stephen Pevely (a full time employee of ERA) and Greg Rogers (a full time employee of ERA). The information in this report that relates to Ranger and Jabiluka Ore Reserves is based on information compiled by mining engineer John Murphy (a full time employee of ERA). Stephen Pevely, Greg Rogers and John Murphy are all members of the Australasian Institute of Mining & Metallurgy and 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 JORC Code 2012 and the JORC Code 2004. Stephen Pevely, Greg Rogers and John Murphy consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Summary data for year end 2013 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 might result if the calculations are repeated using the tabulated figures.

Markets and customers

▲ Plant Technician Brett Warhurst in the processing control room at Ranger

ERA sells its product – drummed uranium oxide – to electric utilities in Asia, Europe and North America.

These exports are subject to strict safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes.

In April ERA and Rio Tinto Uranium executed a new sales and marketing agreement which has seen production from ERA and Rössing Uranium Limited (a subsidiary of Rio Tinto plc) combined to create a multi-sourced marketing pool. The agreement is now in effect and operating successfully.

Under the agreement, Rio Tinto Uranium purchases all uranium oxide produced by ERA and Rössing Uranium Limited to market and sell to nuclear utility customers around the world.

The price received by ERA for sales into the combined pool reflects the price received from customers by Rio Tinto Uranium less an arms-length marketing fee. Previously, Rio Tinto Uranium provided marketing services to ERA under an agency-based arrangement with sales contracts being entered into directly between ERA and the customer.

Should the Ranger 3 Deeps underground mine be developed as planned, ERA's long production history and strong relationship with its customer base will create a platform for continuity of supply and operations.

In 2014 ERA produced 1,165 tonnes of uranium oxide (2013: 2,960 tonnes) and sold a total of 3,148 tonnes of uranium oxide (2013: 2,815 tonnes).

ERA's average realised price in 2014 was $US49.50 per pound (2013: $US53.92 per pound), which was significantly higher than the spot price over the course of the year.

ERA focusses on long term contracting with a variety of pricing mechanisms in order to capture the highest market value for its product, and to reduce its exposure to the spot price, which historically lags long term prices.

Since the March 2011 tsunami and accident at Fukushima, the global uranium market continues to suffer from reduced demand and excess supply, resulting in depressed prices. The spot price reached a low of US$28.23 per pound in mid-2014, and later recovered to the US$35.50 per pound by year-end, which represents only a modest recovery above 2006 price levels.

While the Japanese reactor fleet of 54 units remains closed due to the accident at Fukushima, the Japanese Government and regulatory bodies continue to work on a program to restart reactors.

It is expected that three to four reactors will be back on line in the first half of 2015, and five to 10 restarted each year after that.

Continued production expansion from existing mines, along with secondary-supply disposition from a variety of sources, has created a substantial increase in supply during a period of reduced demand.

Although these factors are dampening price strength in the short term, the medium and longer term outlook for uranium remains positive.

New reactor growth in China and the planned restart of the Japanese reactor fleet is expected to drive growth from 2015 to 2025 which is forecast to be higher than at any period since the 1970s.

China will likely become the world's largest user of nuclear energy, surpassing the United States of America in the early part of the next decade.

Mainland China has 21 nuclear power reactors in operation and 27 under construction.

Planned additional reactors include some of the world's most advanced, and will give China more than a three-fold increase in nuclear capacity to at least 58 gigawatts by 2020. This is expected to increase to around 150 gigawatts by 2030.

World-wide there are 436 operating reactors, with 71 under construction, and a further 174 planned. The majority of reactor growth is occurring in Asia, including India.

This growth is being driven by energy security concerns and the rapidly expanding power requirements needed to sustain regional economic growth, as well as continued action on managing air pollution associated with coal fired power and reducing greenhouse gas emissions.

ERA focusses on long term contracting with a variety of pricing mechanisms in order to capture the highest market value for its product, and to reduce its exposure to the spot price, which historically lags long term prices

India also has an ambitious program to expand its nuclear power generation, and this year saw positive developments with regard to the Australian Government concluding a nuclear cooperation agreement with India. While this requires additional administrative agreements to be negotiated and concluded, it is a promising first step towards ERA being able to export uranium to India for use in commercial reactors.

At Ranger, ERA's current work to develop the Ranger 3 Deeps underground mine will position the Company to take advantage of expected future nuclear power growth.

▲ Pit 3 mining operations prior to closure of the mine at the end of 2012

▶ Installation of the drainage system in Pit 3, December 2014, to convert the pit to receive tailings as part of Tailings and Brine Management program

Delivering on rehabilitation, ERA invested a further $57 million on rehabilitation in 2014, including the initial backfilling of Pit 3 with more than 33 million tonnes of material.

Health and safety

Safety is a core value for ERA. The team at ERA is committed to zero harm.

To achieve the goal of zero harm, ERA has established clear accountabilities and systems, designed to help employees, contractors and managers take personal responsibility for safe behaviour.

ERA has a range of programs and strategic approaches designed to help new arrivals and experienced workers alike maintain focus on safe behaviour.

These programs and strategies are supported by systems and processes which provide a framework for translating corporate goals into safe work practices at business unit, work team and individual levels.

ERA measures safety by the All Injury Frequency Rate (AIFR). This is a measure of all reportable injuries – lost time injuries, restricted work injuries and medical treatment cases – per 200,000 hours worked.

Disappointingly, during 2014 there was a decline in ERA's safety performance compared to the strong performance of 2013. The AIFR was 1.27 (2013: 0.91).

ERA's Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours for 2014 was 1.13 compared with 0.52 in 2013.

▲ Emergency Services Officer Matthew Lynch

Medical treatment cases
Operator fell to the ground requiring treatment
Lost Time Injuries
Operator suffered injury to head when excavator rolled on its side
Maintainer fractured bone in hand while operating a drill
Operator injured hand in operating conveyor
Maintainer fractured thumb following impact from hammer
Field assistant rolled ankle while exiting caravan steps
Maintainer injured finger caught between belt and pulley
Operator injured elbow when metal lid fell onto arm
Contractor injured hand caught in container door

AUDITS

ERA's Health, Safety and Environment Management System includes the Water Management and Radiation Management Systems.

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).

During 2014 the Health, Safety and Environment Management System was subject to independent audit for the purpose of ensuring compliance and recertification to the relevant standards. As a result, the Health, Safety and Environment Management System was recertified as compliant with ISO 14001 and AS4801.

In addition to a series of investigations and reviews associated with the failure of Leach Tank 1 in December 2013 (see Operations page 14) ERA participated in range of routine audits.

ERA participated in the annual Government and Stakeholder Audit, which monitors compliance with government regulations and also completed 13 government and stakeholder inspections which take place every four weeks throughout the year.

SAFETY LEADERSHIP

Safety leadership is a core element of ERA's safety culture and involves ongoing engagement with leaders, employees and contractors on safety issues, awareness and training.

Safety leadership was a central part of planning and delivery of ERA's operational activities in 2014, including the clean-up and recovery operation associated with the failure of Leach Tank 1, the successful completion of the underground Exploration Decline, the initial backfill of Pit 3, and the rock capping of Pit 1.

During 2014 ERA continued a range of targeted safety campaigns designed to raise awareness and encourage safe behaviours in relation to driving between Darwin and Jabiru, prestart safety planning for maintenance crews and hydration and heat stress management, particularly in the lead up to the end of year wet season.

The non-routine nature of work associated with the demolition of the damaged Leach Tank 1 and the associated clean-up activities required close attention to safety inductions and management for contractors.

During the year ten Critical Control Management Plans (CCMPs) were developed for the high and critical risks in the ERA Health, Safety and Environment Risk Register. CCMPs systematically document and address control measures to manage risks including classified plant, crane and electrical competency of contractors, high voltage switching, road travel and working at heights.

PROCESS SAFETY

The introduction of the Process Safety Improvement Action Plan in 2014 provides a strong focus on the integrity of key assets and the culture of asset safety awareness.

The action plan and its implementation are to be reviewed on a quarterly basis by the Commonwealth and Northern Territory regulators.

The action plan builds on ERA's previous process safety review activities, which include the identification and analysis of process safety hazards and a focus on the effectiveness of critical controls to prevent and mitigate process safety incidents.

To achieve the goal of zero harm, ERA has established clear accountabilities and systems, designed to help employees, contractors and managers take personal responsibility for safe behaviour.

Radiation monitoring

▲ ERA Radiation Safety Advisor, Andrew Walcott, undertakes a radiation check

ERA's Ranger mine radiation monitoring program helps ensure that radiation exposure to workers, the public and the environment is as low as reasonably achievable (ALARA).

The radiation monitoring program is supported by the ERA Radiation Policy and a comprehensive Radiation Management Plan. These are designed to achieve the responsibilities and performance outcomes specified in ERA's overarching Health, Safety and Environment Management System.

ERA's Health, Safety and Environment Management System is certified to Australian (AS4801) and international (ISO14001) standards and was independently audited and successfully recertified in 2014.

ERA uses a variety of fixed and personal monitoring systems to assess radiation exposure.

Results from this monitoring program for the first three quarters of 2014 demonstrate that workers, the public and the environment were not exposed to unacceptable levels of ionising radiation and all results were well below regulatory dose limits. Results for the fourth quarter will not be known until early in 2015.

The International Commission on Radiological Protection (ICRP) recommends limits for uranium industry workers as adopted into Australian legislation.

The ICRP sets two levels of radiation exposure, other than from natural and medical sources, to distinguish between two types of people: members of the public and radiation workers.

The associated radiation exposure limits (above natural background and medical exposures) are:

- Members of the public: 1 millisievert (mSv) per annum; and
- Radiation workers: 20 mSv per year over five years with a maximum of 50 mSv in any one year.

Results from ERA's monitoring activities are compared with these ICRP limits.

Workers at ERA whose occupational exposure to radiation may exceed 5 mSv per year are declared 'designated' workers and their exposure is more stringently monitored. In 2014, the designated workgroups included Mine Production, Mine Maintenance, Process Production, Process Maintenance and Electrical Maintenance.

Continual monitoring throughout the year helps ERA ensure that doses remain at the lower end of the spectrum for uranium workers, as set out in the ICRP principles of Justification, Optimisation and Limitation.

Doses are calculated using the methodology required by the Code of Practice on Radiation Protection and Radioactive Waste Management in Mining and Mineral Processing and approved in the Ranger Section 41 Authority.

The total effective dose is the sum of doses from three exposure pathways: external gamma radiation, inhalation of radon decay products and inhalation of long lived alpha activity in dust.

ERA provides occupational radiation dose data for workers at Ranger mine to the Australian Government's Australian National Radiation Dose Register (ANRDR) on a quarterly basis. The ANRDR collects, stores, manages and distributes radiation dose records received by workers in the course of their employment. The register reflects the Australian Government's commitment to strengthen occupational health and safety requirements for individuals working at uranium mining and milling sites.

On an annual basis, ERA also provides a copy of personal dose records to each designated worker. This is in addition to designated workers being able to obtain this data from the ANRDR.

RESULTS

To ensure highest possible quality control on radiation doses, the results are reviewed internally by ERA and externally by the appropriate regulatory authorities.

The maximum and mean annual radiation doses received by designated workers and the maximum radiation doses received by non-designated workers during 2014 will be reported in the 2014 Annual Radiation Protection and Atmospheric Monitoring Report.

The 2014 report will be submitted to stakeholders in March 2015 in accordance with the Ranger Section 41 Authority. Accordingly, only preliminary data for 2014 is presented in this report.

The maximum and mean annual radiation doses received thus far in 2014 by designated and non-designated workers are summarised in the table below. The lower doses in the third quarter for designated workers are in line with the return to normal operating conditions after the plant-wide shutdown that followed the leach tank failure in December 2013.

The potential exposures to Jabiru residents from the Ranger mine activities are also monitored throughout the year and are calculated annually. The resulting contribution from Ranger mine remains very low in comparison to both the public dose limit and the natural background radiation level. Historically the contribution from Ranger mine has been, on average, approximately 0.02 mSv (or 2 per cent) of the 1.0 mSv member of public dose limit and less than 1 per cent of the natural background in Australia of 2 – 3 mSv, (which varies according to location).

RADIOLOGICAL ASSESSMENT FOLLOWING LEACH TANK FAILURE

On 7 December 2013, Leach Tank 1 at Ranger mine failed, spilling approximately 1,400 cubic metres of slurry containing ground uranium ore, water and sulphuric acid into the processing plant area.

Following the leach tank failure and throughout the subsequent recovery and clean-up operations, a series of investigations and reviews were conducted. This included a radiological assessment by the Supervising Scientist.

RADIATION DOSE	DESIGNATED WORKERS	NON-DESIGNATED WORKERS
Q1 – Maximum (mSv)	1.74	0.84
Q1 – Mean (mSv)	0.52	0.41
Q2 – Maximum (mSv)	1.47	0.51
Q2 – Mean (mSv)	0.37	0.09
Q3 – Maximum (mSv)	1.09	0.40
Q3 – Mean (mSv)	0.23	0.15

The Supervising Scientist's assessment was confined to the potential impacts on human health and the offsite environment, including Kakadu National Park, as a result of the tank failure.

The Supervising Scientist's August 2014 report stated:

"Radiological assessment of both the spill site and personal dosimeters show that additional radiation doses to workers involved in the clean-up activities were low and assessed to be of no concern to human health.

"No increase in airborne radionuclide concentrations as a result of the incident was detected at the Supervising Scientist monitoring stations in Jabiru town or at Jabiru East."

▲ Construction activities at Ranger

▶ Jai Nadjamerrek entered an ERA traineeship during 2014

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, mine safety, safe management of toxic and radioactive substances, waste disposal, transport safety, export controls, protection and rehabilitation of the environment, native title, exploration, 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 non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes.

REGULATION OF ERA'S OPERATIONS

Commonwealth and Northern Territory legislation provides the regulatory framework for ERA's uranium mining activities.

ERA's operations are closely supervised and monitored by key statutory bodies including:

- Commonwealth Department of Industry and Science;
- Northern Territory Department of Mines and Energy;
- Commonwealth Government's Supervising Scientist;
- Northern Land Council;
- 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 are the key forums for consideration of environmental matters relating to Ranger and Jabiluka.

Committee members include representatives of the Gundjeihmi Aboriginal Corporation, the Northern Land Council, the Northern Territory Department of Mines and Energy, the Commonwealth Department of Industry and Science, and the Commonwealth Supervising Scientist.

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 Shire, 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/ssd/communication/committees/arrac/index

The Alligator Rivers Region Technical Committee (ARRTC) 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 14 ARRTC members include seven independent scientists nominated by the Federation of Australian Scientists and Technological Societies with the remaining representatives being from the Commonwealth Government's Supervising Scientist, Northern Territory Government, ERA, Uranium Equities Ltd, Northern Land Council, Parks Australia and a non-government environment organisation.

Further information on ARRTC can be contained at:

http://www.environment.gov.au/ssd/communication/committees/arrtc/index.html

In January 2013, the Gundjeihmi Aboriginal Corporation on behalf of the Mirarr Traditional Owners, the Northern Land Council, ERA and the Commonwealth Government finalised a suite of agreements to join others that govern operations at the Ranger Project Area, including a new Mining Agreement.

INTERNATIONAL AND AUSTRALIAN CERTIFICATION

ERA maintains international certification (ISO 14001) of its Health, Safety and Environmental 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, and the new Process Safety Improvement System.

Sustainable Development Report 2014

Contents

Due to the sensitive nature of the surrounding environment, ERA strives for safety leadership, environmental protection and strong and enduring relationships with all stakeholders.

Overview

The area surrounding ERA's operations is internationally recognised for unique ecosystems and biodiversity, significant environmental and cultural heritage values, and a long tradition of human habitation.

Due to the sensitive nature of the surrounding environment, ERA strives for safety leadership, environmental protection and strong and enduring relationships with all stakeholders.

ERA's commitment to protect the environment in 2014 was confirmed by the Australian Government's Supervising Scientist, which conducts extensive monitoring and research programs.

ERA will continue to engage with the Mirarr Traditional Owners, local communities and all levels of government to protect the natural environment on which it operates and maintain Jabiru as an important regional centre, creating educational, cultural, social and economic development opportunities for local people and future generations.

▼ Onsite water catchment

THE MIRARR

The Mirarr are Traditional Owners of the lands on which ERA operates.

Mirarr country encompasses the Ranger Project Area and the Jabiluka Mineral Lease, the town of Jabiru and parts of Kakadu National Park, including the wetlands of the Jabiluka billabong country and the sandstone escarpment of Mount Brockman.

The Mirarr hold beneficial freehold title to traditional country via the Kakadu and Jabiluka Land Trusts and in accordance with the *Aboriginal Land Rights (Northern Territory) Act (1976).*

In 1995, the Mirarr established the Gundjeihmi Aboriginal Corporation, an incorporated body, to assist them to manage a balance between sustainable development and traditional practice on their land, and to direct income from mining royalties across a wide range of fields and activities that cover heritage, economic and community development, education, training and employment.

ERA recognises that the support of Traditional Owners is critically important to its current operations, future projects and successful rehabilitation.

Environment

ERA is committed to protecting the unique environment in which it operates.

Measures to protect the environment include a wide range of preventative and monitoring activities.

ERA has a particular focus on water management and monitoring which reflects the potential for extreme rainfall associated with the top end climate.

The Australian Government's Supervising Scientist monitors the impact of uranium mining on the environment and people in the Alligator Rivers Region, including water quality and aquatic biology indicators in Magela Creek and other waterways adjacent to the Ranger mine.

▼ Superintendent Water Management, Ben McTavish, undertakes onsite testing

The Supervising Scientist uses a structured program of audits and inspections, in conjunction with the Northern Territory Department of Mines and Energy, the Northern Land Council and the Gundjeihmi Aboriginal Corporation, to supervise regional uranium mining operations.

ERA's monitoring results and the results from the Supervising Scientist are made available to the public.

During 2014, results from statutory monitoring programs showed that ERA continued to protect the surrounding environment.

LEACH TANK INVESTIGATION

The Supervising Scientist conducted an investigation into the environmental impacts of the December 2013 failure of Leach Tank 1.

Ranger mine's containment management systems fully captured the slurry material from the failed leach tank and the environment surrounding Ranger mine, including Kakadu National Park, remained protected during and following this event.

ERA's containment systems are in place to safeguard Kakadu National Park in the event of plant or equipment failure and the systems operated as designed during the event.

The Supervising Scientist's investigation was one of four investigations co-ordinated by a government-appointed taskforce.

The Supervising Scientist's report *Investigation into the environmental impacts of the leach tank failure at Ranger uranium mine, December 2013* found that: "the leach tank failure has not resulted in any adverse impacts to human health or the surrounding environment, including Kakadu National Park."

This Supervising Scientist's investigation also found that:

- radiation doses to workers involved in the clean-up activities were low and of no concern to human health;
- there was no increase in airborne radionuclide concentrations; and
- chemical and biological monitoring in Magela Creek did not detect any effects related to the leach tank failure.

WATER

Water management is critical to the success of ERA's business and environmental protection objectives.

ERA operates in a tropical climate that is characterised by extended dry periods and high rainfall. These extreme conditions pose challenges for effective management of water on the Ranger Project Area.

A key aspect of ERA's approach to water management is having the flexibility and operational capability to store and treat large volumes of differing types of water based on the quality of that water.

As a result, ERA's operational and planning activities are built on a comprehensive water management strategy based on industry leading monitoring systems and significant investment in infrastructure for the storage, transfer and treatment of water.

Over the past four years ERA has successfully completed a range of water management projects including:

- construction of the $220 million Brine Concentrator;
- a process water contingency transfer pumping system from the Tailings Storage Facility to Pit 3;
- surface water and seepage interception trenches around stockpiles;
- increasing capacity of the Tailings Storage Facility;
- the construction and commissioning of a one gigalitre capacity Retention Pond;
- use of continuous real-time water quality monitoring stations;
- increasing the network of ground water monitoring bores to over 200; and
- installation of over 7,000 prefabricated vertical drains (wicks) across the Pit 1 tailings area.

In addition, ERA continued with water management works associated with progressive rehabilitation of Pit 1 and Pit 3 (see Operations page 15).

MANAGEMENT OF WATER

ERA's water management operations and planning activities are governed by an overarching Health, Safety and Environment Management System.

The objectives for water management described in the Health, Safety and Environment Management System are achieved in practical terms through ERA's Water Management Plan.

The Water Management Plan sets out the operational activities for the full range of water management activities across the Ranger mine site, including water capture, storage, supply, distribution, sampling, use, treatment and disposal.

To ensure currency and to reflect any changes to conditions on site, the Water Management Plan is updated every year and submitted to regulatory authorities for approval.

Every two years ERA's Health, Safety and Environment Management System is subject to independent audit and certification to Australian (AS4801) and international (ISO 14001) standards.

WATER IS MANAGED ACCORDING TO QUALITY

There are a number of different classes of water within the Ranger mine site: process water, pond water, release water, potable water and water including treatment plant permeate or Brine Concentrator distillate.

Each class of water requires a different management approach:

- process water has been in contact with uranium ore during processing operations and must be managed within a closed system, and stored in the Tailing Storage Facility prior to treatment via the Brine Concentrator;

- pond water has been in contact with stockpiled mineralised material and operational areas of the site, other than those contained within the process water system. Pond water is held in the pond water system comprising a series of sumps and holding ponds prior to being put through treatment plants;
- potable water is high quality bore water used for drinking and ablution. Water used in ablutions is treated via septic tanks and disposed of via transpiration trenches;
- release water comprises clean site run-off water collected in purpose built storages, and water that has been treated by the Brine Concentrator or water treatment plants to a quality suitable for release;
- water treatment plant permeate is pond water that has been treated via ERA's micro filtration and reverse osmosis treatment plants. Permeate is release quality water and is either irrigated on designated land application areas during the dry season, or released during the wet season; and
- Brine Concentrator distillate is process water which has been treated by the Brine Concentrator. This distillate is of extremely high quality and like water treatment plant permeate is considered release quality water.

BRINE CONCENTRATOR

Construction of the $220 million Brine Concentrator was completed in 2013. Process water is heated to high temperatures in the Brine Concentrator and water that evaporates is cooled, condensed and discharged as high quality, clean distilled water (see Operations, page 14).

Waste heat from the cooling circuit is used to pre-heat process water entering the Brine Concentrator to reduce energy consumption.

With a potential maximum production of up to 1.83 billion litres of distillate per year, the Brine Concentrator provides ERA with the ability to manage the process water inventories and manage the impacts of heavy rainfall events.

This flexibility and control in process water management will play a key role in ERA's progressive rehabilitation activities.

During 2014 all distillate produced met with the design specifications for the Brine Concentrator. Veolia Water Australia operates the Brine Concentrator on an "operate and maintain" basis on behalf of ERA.

The distillate is either discharged to ERA's constructed wetlands, or irrigated onto land application areas.

WATER MONITORING

ERA's comprehensive water monitoring system comprises over 200 groundwater bores across the Ranger operational area and 13 continuous real-time water quality sensing stations within local waterways.

The water monitoring system helps ensure that water is managed in accordance with ERA's Water Management Plan, meets regulatory requirements and provides assurance to stakeholders through the provision of accurate data.

The continuous real-time water quality sensing stations are located within the Magela and Gulungul creek systems, upstream and downstream of the Ranger mine.

In addition, there is an extensive network of continuous real-time monitoring stations throughout ERA's operational areas, which assists with day-to-day management of water inventories and treatment processes.

Data from the water monitoring system provides accurate details of composition and flow rate changes in surface water, ground water and waterways.

This data is shared with members of the Minesite Technical Committee, including the Supervising Scientist, and results are also available to the public on ERA's website www.energyres.com.au.

The Supervising Scientist also conducts independent monitoring of waters upstream and downstream of the Ranger mine site. The results are published on its website: www.environment.gov.au/ssd/index.htm.

The monitoring stations are equipped with auto samplers that collect water samples triggered by in-stream events.

The *Supervising Scientist Annual Report 2013-2014* states that the "water qualities measured in Magela and Gulungul Creeks for the 2013–14 wet season were comparable with previous wet seasons, with the results indicating that the aquatic environment in the creek has remained protected from mining activities".

INDEPENDENT SURFACE WATER WORKING GROUP

In 2012 an Independent Surface Water Working Group (ISWWG) was established by ERA and the Gundjeihmi Aboriginal Corporation to undertake an independent expert review of the surface water management, monitoring, and compliance systems associated with release of water from the Ranger mine site.

The ISWWG consisted of representatives from ERA, the Gundjeihmi Aboriginal Corporation, the Supervising Scientist and the Northern Land Council (NLC). Professor Barry Hart (Water Science Pty Ltd and Monash University) was appointed as the Independent Chair and Professor Mark Taylor (Macquarie University) as an Independent Science Advisor.

The ISWWG considered:

- surface water management and releases;
- existing monitoring practices, compliance framework and management responses in relation to surface waters;
- downstream monitoring to provide confidence that the environment is being protected; and
- the integrity, reporting, and access to relevant data.

The outcome of the report and the consensus agreed between the parties delivered a watershed agreement.

The main findings of the ISWWG were that the current Ranger mine surface water management and regulatory systems are of a very high standard, and that an agreed action plan was desirable to ensure that the existing standard was maintained.

A technical working group was established as a sub-group of the Ranger Minesite Technical Committee in February 2013 to review and implement the technical and regulatory aspects of relevant recommendations.

This group is also the forum for reporting to stakeholders on the progress in addressing the ISWWG recommendations.

Of the 15 recommendations:

- Nine have been addressed and those that are ongoing are being embedded into management plans or existing review processes. These are the recommendations on ERA water monitoring, reporting and management and staff training, as well as two recommendations on the Supervising Scientist's monitoring program.
- Five recommendations are in progress. Three recommendations relating to the updating of the compliance monitoring program are nearing completion and two recommendations regarding the review and reintroduction of past sediment and bushtucker monitoring are advanced and in final discussions.
- One recommendation regarding the updating of the Ranger Authorisation is awaiting completion of other recommendations.

Land

REHABILITATION PROGRESSING AT JABILUKA

The rehabilitation of the land on the Jabiluka Mineral Lease previously occupied by the Interim Water Management Pond continued throughout 2014.

Following the dismantling of the pond and the removal of the pond liner in 2013, the pond location and surrounding areas have been revegetated with species endemic to the surrounding environment.

These works are part of ERA's ongoing rehabilitation program and have involved input from the Mirarr Traditional Owners to ensure that the land is rehabilitated in a culturally appropriate manner.

During 2014 visits to the site were undertaken by representatives of Gundjeihmi Aboriginal Corporation and the Northern Land Council with video and photographs taken at each visit to share with the Mirarr Traditional Owners who provide cultural advice on different aspects of the project.

Site surveys confirm that around 48 per cent of the 3,585 locally native tubestock seedlings planted in 2013 survived the dry season and are now well established.

Given the harsh conditions experienced through the dry season this is regarded as a satisfactory survival rate.

This year a further 4,679 tubestock seedlings were planted on the site in November and December to complete the revegetation, with weed management activities undertaken to ensure recently disturbed areas remain weed-free.

Plants selected for the revegetation program are propagated by the Indigenous owned and operated Kakadu Native Plants nursery, and grown from hand collected seeds.

Revegetation techniques used at the Jabiluka site are based on successful management strategies developed through ERA's long term trial landform project which covers an eight hectare site at Ranger.

WEED MANAGEMENT

ERA carries out regular weed control activities on the Ranger Project Area and Jabiluka Mineral Lease. Activities are guided by ERA's weed management program which targets 13 priority species including Annual Pennisetum, Mission Grass and Rattlepod.

The weed season runs from October to May. During the 2013-2014 weed season new initiatives included the use of residual herbicide which eliminates the surface weed and binds to soil particles to prevent weed germination over an extended period.

Annual weed monitoring shows that ERA's program has resulted in a reduction of 29 hectares of weed infestation in 2013-2014, which is a 42 per cent reduction over the Ranger Project Area.

▲ The Jabiluka Interim Water Management Pond

▶ The site at completion of the revegetation program

The revegetation program at Jabiluka was completed with more than 8,000 native seedlings planted. The plants were grown from hand collected seeds.

Employment

ERA's preparation for proposed underground mining operations saw a further 25 per cent reduction in workforce numbers during 2014.

The completion of the Pit 3 initial backfill has reduced mining operational requirements and the continuation of the ERA Business Review cost saving program continued to rationalise contractor use.

As at 31 December 2014, ERA's total workforce was 415 people, comprising 390 staff and 25 contractor positions across a range of full-time, part-time and secondment arrangements.

This compares with 519 full-time equivalent positions at the same time last year, and 639 at the end of 2012.

A significant portion of workforce reductions was associated with the mining workforce, which reduced from 140 to 55 in 2014.

A highly successful redeployment programme over the last two years has helped over 70 affected employees successfully find employment elsewhere in Rio Tinto Group operations.

ERA also directly employed nine apprentices, three school-based apprentices, and three Indigenous trainees.

At year end Indigenous employment was approximately 12 per cent of employees (2013: 16 per cent). ERA has a target of 20 per cent Indigenous employment, however the closure of Pit 3 and the completion of the initial backfill project has contributed to a decline in employment opportunities associated with mining activities.

▼ Members of the Ranger 3 Deeps Exploration Decline team

ERA's female employment participation also remained steady during 2014 at 18 per cent of employees (2013: 18 per cent). ERA also provides flexible work arrangements for employees to help balance work and life commitments.

The average rolling staff turnover in 2014 was 38.61 per cent (2013: 29.25 per cent), in part reflecting changes to mining workforce needs.

INDIGENOUS EMPLOYMENT

As a major employer in Jabiru and the West Arnhem region ERA has a strong focus on Indigenous employment.

ERA's Indigenous employees are employed in positions at many levels within the Company, from operations to human resources to leadership roles.

At 31 December 2014, there were a total of 47 Indigenous employees, representing 12 per cent of employees (2013: 16 per cent).

ERA employed three Indigenous trainees in 2014. Indigenous trainees are paired with workplace mentors. The Mentoring Program for Indigenous trainees is part of ERA's Indigenous Employment Strategy. It includes flexible work arrangements, workplace literacy and numeracy training and support for students from local communities in work experience and school-based apprenticeships.

Looking ahead, ERA's Indigenous employment focus will continue to be on retention.

INDIGENOUS ENTERPRISE DEVELOPMENT

During 2014 ERA continued to work with the Gundjeihmi Aboriginal Corporation and local businesses as part of a new Indigenous Enterprise Development Scheme introduced in 2013.

The scheme seeks to identify and develop employment and training opportunities for members of local Indigenous communities.

As an example, local people have an opportunity to participate in an Indigenous Revegetation Workforce, which can be engaged to carry out regional revegetation activities, such as progressive rehabilitation activities at ERA, weed management, and fire monitoring.

As part of Indigenous Revegetation Workforce training, the trainees will be working towards nationally recognised skills accreditation through a Certificate III in Land Management.

PRE-EMPLOYMENT PROGRAM

Local businesses, training providers and ERA continued to support the Pre-employment Program, designed to assist school leavers and other local people seeking to enter the workforce or find new employment.

In 2014 eight women participated in the Pre-employment Program, seeking to develop skills to support plans to work within Kakadu National Park or the local tourism and hospitality industry.

The program helps local people develop additional skills needed to get a job, such as getting a driver's licence, learning first aid, or developing experience with common work-related equipment.

The program also identifies potential employment needs among local businesses.

This year's participants successfully completed the program and gained nationally recognised accreditation through a Certificate II in Resource Infrastructure: Work Preparation.

EDUCATION PARTNERSHIP

In 2014 ERA continued working with the West Arnhem College on the award winning Education Partnership.

West Arnhem College was established in 2010 and is made up of two school communities – Jabiru Area School, which is located on Mirarr land in Kakadu National Park, and Gunbalanya School, located in West Arnhem Land across the East Alligator River in the Northern Territory.

The Education Partnership provides quality education and training opportunities which lead to real employment and career options for students and families in the West Arnhem region.

It provides an integrated program of activities to build capacity in the local economy, support sustainable regional development, and improve education and employment outcomes for local community members.

This includes opportunities for work experience placements and school-based apprentices at ERA, visits to ERA by teachers and students, school presentations from ERA employees, and support for school-based education programs involving resource industry development.

In 2014 the partnership focused on two main areas of cooperation which were supporting the curriculum outcomes at the schools and providing opportunities for applied learning. Highlights have included a total of seven tailored school-based apprenticeships and traineeships and the largest number of indigenous students to date.

The program has enabled students to obtain Certificate II qualifications while still enrolled in school at the West Arnhem College.

CULTURAL AWARENESS

New employees and contractors working at ERA are introduced to the unique cultural, environmental and historical vales of the Kakadu region and the Mirarr Traditional Owners through ERA's Cultural Awareness Program.

The program is an important element of ERA's induction processes and ensures that new arrivals to the business are able to develop a greater understanding of the context and culture in which they operate, and to develop understanding and respect for local communities and culture.

This program is particularly important with the anticipated increase in the use of contract fly-in fly-out workers associated with the proposed underground mining operation.

The program is delivered in partnership with the Gundjeihmi Aboriginal Corporation representing the Mirarr Traditional Owners. During the year 46 new employees and long-term contractors participated in cultural awareness training.

▼ School-based apprentices Brock Hope, Daniel De Vreede and Blake Hughes

Community

ERA is an important and active part of the local community, and makes a significant contribution to the regional and Northern Territory economies.

In particular, ERA makes a major contribution to Jabiru, one of the largest regional centres within the Northern Territory.

Through its community relations program ERA engages with a wide range of organisations, community groups and government agencies across a broad range of issues, including cultural heritage, education, employment and funding opportunities.

In 2014, ERA spent more than $120,000 on partnerships and sponsorships, providing support for local schools and students, sport, the arts, regional festivals, local business, and community health and child care.

RELATIONSHIP WITH MIRARR TRADITIONAL OWNERS

The Gundjeihmi Aboriginal Corporation represents the Mirarr Traditional Owners in discussions and negotiations with ERA on a range of matters of interest to both parties.

These discussions and negotiations encompass matters such as water management, cultural heritage and environmental protection, employment and training, housing and town planning, involvement in decision making processes, royalties, and the future of mining at Ranger.

The Mirarr Traditional Owners were represented via the Gundjeihmi Aboriginal Corporation on the taskforce established by Northern Territory and Australian Governments to oversee the regulatory response to the failure of Leach Tank 1 (see Operations, page 14).

ERA recognises that the failure of the leach tank in December 2013 was of great concern to the Mirarr Traditional Owners and appreciates their continued dialogue, participation and input into the clean-up and recovery operation.

▼ ERA continued its sponsorship of the Kakadu Triathlon in 2014

A number of formal structures are in place to ensure that the Gundjeihmi Aboriginal Corporation and ERA are able to meet regularly, share information and create opportunities for ongoing engagement and collaboration.

During 2014, the newly formed Relationship Committee met on a regular basis to promote information sharing and collaboration, and reach agreement on opportunities for increasing local Aboriginal participation in business development, training and employment.

In addition, the Gundjeihmi Aboriginal Corporation and ERA are represented on the Kakadu West Arnhem Social Trust (KWAST) and contribute funds on an annual basis. KWAST was founded in February 2013 as a charitable trust by Yvonne Margarula, senior Mirarr Traditional Owner, to share some of the royalty payments flowing from the Ranger mine to address the disadvantage of Indigenous people in the Kakadu region. A particular focus is on achieving a long-term reduction in systemic intergenerational disadvantage.

The multi-million dollar trust is supporting initiatives that deliver long-term, positive benefit to the local community, such as Children's Ground, which is delivering culturally appropriate education, health and allied support services in Jabiru and outstations across Kakadu. Other projects supported by KWAST include the Culture First Program at Jabiru Area School which engages students with culturally sensitive learning and the continuation of support for the Gunbang Action Group's alcohol management coordination program.

The Mirarr Traditional Owners are also represented via the Gundjeihmi Aboriginal Corporation on the Closure Criteria Committee Working Group and the Ranger Minesite Technical Committee, and are participating in rehabilitation planning, including the rehabilitation and revegetation of the site of the former Jabiluka Interim Water Management Pond (see Land, page 45).

ERA and the Gundjeihmi Aboriginal Corporation continue to collaborate on town governance, housing, local and Northern Territory Government engagement, infrastructure and local business development.

ROYALTY PAYMENTS

ERA's royalty payments are a major source of income for the Indigenous community and the Northern Territory Government.

ERA makes royalty payments of 5.5 per cent of net sales revenue from Ranger mine production. The equivalent of 4.25 per cent of Ranger sales revenue is paid to Northern Territory based Aboriginal organisations, including the Gundjeihmi Aboriginal Corporation. A further 1.25 per cent of Ranger sales revenue is paid to the Commonwealth and distributed to the Northern Territory Government.

In 2014, ERA's royalties totalled $15.4 million (2013: $18.4 million).

As ERA is now processing low grade ore stockpile, under the current operating agreements and legislative framework, royalty payments will continue to decline in line with forecast production rates, unless the Ranger 3 Deeps underground mine is developed.

COLLABORATION ON FUTURE OF JABIRU

ERA supports efforts to recognise the Mirarr as traditional landowners of the long-running Jabiru native title claim area, which includes the land on which the town of Jabiru is located.

Legislation that allows for the inclusion of Jabiru and surrounding lands in Schedule 1 of the *Land Rights Act (Northern Territory) 1976* has been introduced into the Commonwealth Parliament.

This is a significant step towards formal recognition of Mirarr title to land, which is central to the governance arrangements and long term future for Jabiru.

ERA will continue to support the finalisation of arrangements required to transfer these lands from the Commonwealth to the Kakadu Aboriginal Lands Trust.

This includes agreement on the detail of a new town lease between the Gundjeihmi Aboriginal Corporation and the Northern Territory Government.

While the legislative framework is in place, the detail of the lease arrangement between the Northern Territory Government and the Traditional Owners is still being negotiated.

▶ Superintendent Water Management, Ben McTavish, is part of ERA's Health Safety and Environment team

COMMUNITY ENGAGEMENT

ERA engages with a wide range of stakeholders and community groups within the local Jabiru community and in other parts of the Northern Territory.

This engagement is designed to provide members of the public, community groups and other stakeholders with an opportunity to learn about and understand ERA's operations.

In addition ERA's community engagement provides support to help protect and promote cultural heritage, community health, small business development, including indigenous business, and educational and sporting opportunities for young people.

During 2014 ERA maintained a local presence at the ERA Community Office in Jabiru, provided formal quarterly business updates with key stakeholders and community groups in Jabiru and held four community information days.

RANGER 3 DEEPS SOCIAL IMPACT ASSESSMENT

The Ranger 3 Deeps Social Impact Assessment (SIA) examined the flow-on effects of an underground mining operation on stakeholders in the local Jabiru community, and in the wider Alligator Rivers Region. It also assessed impacts across the Northern Territory and at the national level.

As part of the draft Environmental Impact Statement (see Future Supply, page 22), the assessment identified potential positive and negative social impacts of the proposed underground mine. Areas considered included governance, equity in benefits, future planning and cultural heritage.

The SIA found that the proposed underground mining operation "has the potential for both positive and negative impacts, but overall, has greater potential to realise positive social outcomes".

Benefits included:

- 180 – 280 new jobs;
- maintaining economic contribution (directly and indirectly);
- supplementary production delivering additional revenue;
- support to local and regional business; and
- maintaining Jabiru population, maintaining services infrastructure and community programs.

Risks included:

- additional fly in fly out employees creating further demand on health services;
- perceptions of health and well-being impacts leading to stress, such as from concerns over water management or worker health; and
- continuation or worsening of existing negative impacts such as issues linked to mine revenue (royalties) and social cohesion, and the well-being of Mirarr Traditional Owners.

ERA proposes to maximise the opportunities presented and manage potential risks through a Social Impact Management Plan.

The SIA has been provided to the Commonwealth and Northern Territory governments, and made publicly available as part of the draft Environmental Impact Statement documents seeking approval for the proposed underground mine.

COMMUNITY PARTNERSHIPS

ERA's community partnership and sponsorship program provides support for local community-based events, schools and students, sport, the arts and regional festivals.

This support is delivered in a variety of ways including direct funding, community partnerships, in-kind support and donations of equipment and resources.

ERA sponsors the George Chaloupka Fellowship program, which supports research and conservation of Aboriginal rock art located in Arnhem Land Plateau region in the Northern Territory, with the fifth Fellow recently commencing.

The $28,000 Fellowship was awarded to Australian National University PhD graduate, Dr Ian Moffat, whose research project involves use of geophysical analysis techniques to locate, record and date rock art.

The George Chaloupka Fellowship is run by the Museum and Art Gallery of the Northern Territory Foundation.

Previous recipients have increased knowledge and understanding of significant Aboriginal rock art sites across the Arnhem Land Plateau, including the Jawoyn site Little Barra, the East Alligator River, and the Main Gallery of Deaf Adder Creek, near Nourlangie Rock.

ERA continued its long-running support for the principal community and cultural event for Jabiru and the West Arnhem region, the popular Mahbilil Festival held in Jabiru in September.

The Mahbilil Festival celebrates the diversity of the region through music, dance, art and entertainment. ERA was involved as a major sponsor and also through its community information stall.

A feature of community information provided this year included details about ERA's proposals for an underground mine, including the promotion of opportunity to comment on the draft Environmental Impact Statement.

COMMUNITY INFORMATION DAYS AND MINE TOURS

During 2014 ERA held four Community Information Days and a series of organised site visits, providing an opportunity for over 600 local community members, tourists and other groups to visit Ranger mine.

The information days involve setting up a free barbecue and information stall in Jabiru for the day, and running regular tours out to the mine site.

ERA staff explained the mine's operations, work being done to protect the environment, and also discussed ERA's underground mining proposals and opportunities to have input into the draft Environmental Impact Statement.

The positive response, particularly in relation to ERA's operations, revealed a genuine interest among many members of the public to learn about ERA.

COMMUNITY SUPPORT

In 2014 ERA supported the Kakadu Triathlon in Jabiru in May and continued its sponsorship of the National Indigenous Music Awards in August.

The National Indigenous Music Awards celebrate traditional and contemporary artists from around the country, with female artist Jessica Mauboy taking out consecutive National Artist of the Year awards.

Over 107 people took part in the successful Kakadu Triathlon, organised by ERA and Darwin Triathlon as a fundraiser for CareFlight. Raising more than $8,000, the triathlon involved a 10 kilometre bike ride, a 2.5 kilometre run, and a 250 metre swim in the Jabiru town pool. The Kakadu Triathlon was named as Community Event of the Year in the 2014 Australia Day Awards.

ERA was one of 27 triathlon sponsors, along with West Arnhem Regional Council, West Arnhem College, Veolia Water, Spotless, Jabiru Fire Station and Northern Territory Police.

Financial Report 2014

Contents

Director's Report

Directors

Mr Peter McMahon
CHAIRMAN
BEcon(Hons), MEcon, MSc

Appointed as a Director in November 2012 and Chairman in January 2013. Member of the Audit and Risk Committee and Remuneration Committee. Mr McMahon has been the principal of an independent advisory business, McMahon Advisory Pty Ltd, since 2010. Prior to this time, Mr McMahon spent 30 years with the Rio Tinto Group in senior commercial roles with emphasis on business and project development in Australia, UK, USA and Europe. Mr McMahon was a non-executive Director and Chairman of Inova Resources Limited until November 2013.

Ms Andrea Sutton
CHIEF EXECUTIVE
BE (Hons) Chemical, GradDipEcon, GAICD

Appointed as Managing Director in September 2013 and Chief Executive in September 2013. Ms Sutton brings extensive operational, technical and corporate experience to ERA from her 20 years with Rio Tinto. Ms Sutton was previously Managing Director with the Rio Tinto Support Strategy Review team. Prior to that, Ms Sutton held various roles within the Rio Tinto Group including General Manager Operations at the Bengalla Mine and General Manager Infrastructure with Rio Tinto Iron Ore.

Mr Bruce Cox
NON-EXECUTIVE DIRECTOR
BCom, CPA, MBA, GAICD

Appointed as a Director in November 2014. Mr Cox is currently the President and Chief Executive Officer of Pacific Aluminium and is a member of Rio Tinto Alcan's Executive Committee. Mr Cox has more than 33 years' experience with Rio Tinto and BHP, and prior to his current role was Managing Director of Rio Tinto Diamonds. Mr Cox's career has spanned the steel, platinum, copper, iron ore and diamond commodity sectors and he has lived in Australia, Zimbabwe, Chile, the United Kingdom and the United States. Mr Cox is a CPA, Graduate of the Australian Institute of Company Directors and has a Bachelor of Commerce and Masters of Business Administration.

Ms Joanne Farrell
NON-EXECUTIVE DIRECTOR
BSc, Grad Dip Business Management

Appointed as a Director in June 2014. Ms Farrell is currently the Global Head of Health, Safety, Environment and Communities (HSEC) for Rio Tinto and is responsible for leading the team that provides policy, standards guidance and governance of HSEC matters for the Rio Tinto group of companies. Ms Farrell has held a number of roles in 27 years with Rio Tinto, including in the Iron Ore, Aluminium, Diamonds, Exploration and Energy groups. She brings extensive experience in HSEC, human resources, organisational effectiveness, communications and external relations.

Directors

Dr Helen Garnett

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc(Hons), PhD, PSM, FTSE, FAICD

Appointed as a Director in January 2005. Chair of the Audit and Risk Committee and member of Remuneration Committee. From 2003 to 2008, Dr Garnett was Vice Chancellor of Charles Darwin University in the Northern Territory. Between 1994 and 2003, Dr Garnett served as the Executive Director of the Australian Nuclear Science and Technology Organisation (ANSTO) and as an Australian representative to the United Nations International Atomic Energy Agency. Dr Garnett is an Emeritus Professor of the University of Wollongong and of Charles Darwin University, a Fellow of the Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors. Dr Garnett is currently the Chair of Delta Electricity, a non-executive Director of Carbon Energy Limited, a non-executive director of ABM Resources NL, Chair of the Australian Centre for Plant Functional Genomics, Chair of the Museum and Art Gallery, NT Foundation, and Director of Sugar Research Australia.

Mr Peter Taylor

NON-EXECUTIVE DIRECTOR

BA, BSc, LLB, LLM, FAICD

Appointed as a Director in February 2007. A lawyer in private practice before joining Rio Tinto, Mr Taylor has held a number of executive and management positions in the exploration, project development, commercial and legal operations of the Rio Tinto Group. Mr Taylor has served as Managing Director and Chairman of Bougainville Copper Limited since 21 October 2003, having been a Director since April 1997. Mr Taylor is also a director of a number of unlisted Rio Tinto Group companies.

Mr John Pegler

INDEPENDENT NON-EXECUTIVE DIRECTOR

BE (Mining), MAusIMM, MAICD

Appointed as a Director in July 2009. Member of the Audit and Risk Committee and Chair of Remuneration Committee. Mr Pegler also is a non-executive Director of WDS Ltd and CS Energy Limited. He is a former Director and Chairman of Bandanna Energy Limited, a Past President and a Life Member of the Queensland Resources Council and a past Chairman and Director of the Australian Coal Association Ltd. Mr Pegler formerly was Chief Executive Officer of Ensham Resources Pty Limited and previously has held operational roles within BP Australia Limited and the Rio Tinto Group including President Director of major gold producer PT Kelian Equatorial Mining in Indonesia and Managing Director Group Procurement Eastern Hemisphere.

Mrs Helen Newell

NON-EXECUTIVE DIRECTOR

BCom (Hons), MBA, GAICD

Appointed as a Director in November 2012. Mrs Newell resigned as a Director in June 2014. Mrs Newell is currently Global Head of Risk, Rio Tinto, having previously held the role of Vice President Infrastructure and Transformation, Rio Tinto Energy. Prior to joining the Rio Tinto Group in May 2011, Mrs Newell spent 20 years in the transport and infrastructure industry in Australia and North America, with Booz Allen & Hamilton, the Toll Group and Asciano.

Executive Committee

Ms Andrea Sutton
CHIEF EXECUTIVE
BE (Hons) Chemical, GradDipEcon, GAICD

Appointed as Managing Director in September 2013 and Chief Executive in September 2013. Ms Sutton brings extensive operational, technical and corporate experience to ERA from her 20 years with Rio Tinto. Ms Sutton was previously Managing Director with the Rio Tinto Support Strategy Review team. Prior to that, Ms Sutton held various roles within the Rio Tinto Group including General Manager Operations at the Bengalla Mine and General Manager Infrastructure with Rio Tinto Iron Ore.

Mr James May
CHIEF FINANCIAL OFFICER
BA (Hons) FCA

Mr May was appointed as Chief Financial Officer in June 2014 and brings financial, accounting and business development experience to ERA. Mr May has over 14 years' experience in finance roles in the energy and extractive resources sector. Prior to joining ERA, Mr May held various finance and corporate roles within Rio Tinto.

Mr May is a Chartered Accountant through the Institute of Chartered Accountants in England and Wales.

Mr Steeve Thibeault
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY
BA (Accounting, Finance)

Mr Thibeault was appointed as Chief Financial Officer in July 2009 and Company Secretary in 2009. He resigned from both positions on 30 May 2014. Mr Thibeault has over 32 years' experience in the mining and manufacturing industries and previously held diverse senior finance roles with Rio Tinto Alcan and Alcan Aluminium Limited.

Mr Tim Eckersley
GENERAL MANAGER, OPERATIONS
B.Sc. Agric (Hons)

Mr Eckersley was appointed as General Manager Operations in September 2012. Over the last 21 years Mr Eckersley has held various leadership roles in the mining industry including in bauxite, alumina, gold, mineral sands and iron ore. Prior to joining ERA, Mr Eckersley was General Manager within Rio Tinto Iron Ore Expansion Projects business unit.

Executive Committee

Dr Greg Sinclair
GENERAL MANAGER, TECHNICAL AND MAJOR STUDIES
BAppSc (Chemistry), PhD, FAusIMM

Dr Sinclair was appointed as General Manager Technical and Major Studies in May 2007. Dr Sinclair has over 29 years' experience in the resources sector and has formerly held roles with the Iron Ore Company of Canada, Rio Tinto Technical Services & HSE Groups, North Limited and the Australian Nuclear Science & Technology Organisation.

Mr Alan Tietzel
CHIEF ADVISOR AGREEMENTS
BA, BCom, Dip Ed MBA

Mr Tietzel was appointed as General Manager External Relations in July 2010 and subsequently Chief Advisor Agreements in September 2012. He has a background in Aboriginal land agreements, regional development, government relations, human resources and organisation development. Mr Tietzel joined Rio Tinto in 1990. He has worked in the diamonds, salt, bauxite and alumina sectors, and in various corporate functions.

Mr Thomas Wilcox
COMPANY SECRETARY AND LEGAL COUNSEL
LLB, BCom

Mr Wilcox was appointed as joint Company Secretary and Legal Counsel in November 2013. Mr Wilcox joined Rio Tinto in 2009 and previously served as legal counsel in London and Melbourne with Rio Tinto Exploration. Prior to joining the Rio Tinto Group, Mr Wilcox was employed in private legal practice since 2003.

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 is shown below:

	DIRECTORS MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS		OTHER COMMITTEE MEETINGS	
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
P McMahon	13	13	4	4	3	3	2	2
H Garnett	13	12	4	4	3	3	2	2
A Sutton	13	13	-	-	-	-	1	1
P Taylor	13	11	-	-	-	-	-	-
J Pegler	13	13	4	4	3	3	1	1
H Newell[1]	6	5	-	-	-	-	-	-
J Farrell[2]	7	7	-	-	-	-	-	-
B Cox[3]	1	1	-	-	-	-	-	-

Note 1 Resigned as a Director on 11 June 2014.
Note 2 Appointed as a Director on 11 June 2014.
Note 3 Appointed as a Director on 27 November 2014.

Ms Sutton was invited to Audit and Risk Committee meetings and attended all such meetings held during the year.

Interests of Directors

The interests of each Director in the share capital of the Company and its related body corporates as at 31 January 2015 are shown below:

DIRECTORS	ENERGY RESOURCES OF AUSTRALIA LTD ORDINARY SHARES	RIO TINTO LIMITED ORDINARY SHARES	RIO TINTO LIMITED OPTIONS IN ORDINARY SHARES	RIO TINTO LIMITED CONDITIONAL INTERESTS IN ORDINARY SHARES
P McMahon	42,500	18,405	-	-
H Garnett	-	-	-	-
A Sutton	-	9,211	2,888	9,731
P Taylor	-	35,007	7,343	12,939
J Pegler	-	6,331	-	-
J Farrell	-	19,430	8,090	29,302
B Cox	-	5,395	8,111	39,189
D Smith[1]	-	33,078	-	-

Note 1 Appointed as a Director on 27 January 2015.

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 senior executives;
- remuneration and performance of the Company's 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 will review and make 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 2014 Annual General Meeting, the 2013 Remuneration Report was approved with 91.27 per cent of shareholders who cast a vote, voting in favour (voting comprised 363,837,765 votes 'for' the resolution and 34,816,512 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 354,078,854 votes 'for' the resolution. The aggregate amount of non-executive Directors' remuneration paid in 2014 was approximately $618,000 inclusive of statutory superannuation.

The non-executive Directors' fees were reviewed by the Board in January 2014. The Board resolved that there would be no increase in non-executive Directors' fees or committee fees in 2014. The annual fees for non-executive Directors for 2014 (excluding superannuation) are as follows:

	2014	2013
Chairman	$162,000	$162,000
Non-executive Director	$90,000	$90,000
Audit and Risk Committee Chair*	$20,000	$20,000
Audit and Risk Committee Member*	$13,000	$13,000
Remuneration Committee Chair*	$5,000	$5,000

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

The Board has resolved that no additional committee fees are payable to members of the Remuneration Committee (other than the Remuneration Committee Chair).

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.

As the Company is a member company of the Rio Tinto Group, the Company 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 other key management personnel of the Company (together, 'senior executives').

As a member of the Rio Tinto Group of companies, ERA's 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 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 comprising companies primarily from the ASX 200. 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 programmes are recognised in the Company's financial statements. For the purpose of disclosure under the *Corporations Act 2001* and relevant Accounting Standards, the "key management personnel" of the Company apart from the Chief Executive and the non-executive Directors, have been determined to be the permanent General Managers of the Company (including the Chief Advisor Agreements) reporting directly to the Chief Executive.

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 includes formal consultation between the Chairman (based on the Remuneration Committee's review and recommendations) and the Chief Executive of the Rio Tinto Energy Product Group regarding the Chief Executive of the Company, and between the Remuneration Committee and the Chief Executive of the Company regarding the other senior executives.

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 Company Secretary of the Company is subject to the same executive remuneration pay and reward framework.
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 Performance Share Plan (PSP) and Rio Tinto Management Share Plan (MSP); and
- 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 incentive plans (other than the Rio Tinto MSP) 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. The other components are referred to as "fixed" as they are not at risk.

The long term incentive plan is 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 PSP and MSP awards. In 2014, awards were made under the MSP.

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 2014 for the Chief Executive and other senior executives was between 48 and 68 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 and individual performance and the current blend of share plans.

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. All senior executives of the Company have between 40 and 70 per cent of their performance based bonus based on business measures with the remainder based on individual measures.

The short term incentive plan bonus payments disclosed in this report are amounts paid in 2014 relating to performance in 2013, as 2014 calculations are not finalised at the date of this report. The Company's business performance measures for 2013 used in the determination of short term incentive plan payments were:

- Financial - ERA net earnings and cash flow.
- Health and safety - ERA All Injury Frequency Rate, Semi Quantitative Risk Assessments and closure rates of Significant Potential Incidents.
- Business - ERA drummed production, cost of material milled, volume and cost of material moved for the rehabilitation of Pit 3, commissioning of the Brine Concentrator and Ranger 3 Deeps Exploration Decline project.

Bonus Deferral Plan

In 2014, 25 per cent of the Chief Executive's (Ms Sutton) short term incentive plan bonus pay was satisfied through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto Bonus Deferral Plan (BDP).

The same percentage will be satisfied in 2015 through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto BDP.

Long term incentive plans

In 2014, the Company's Remuneration Committee considered the application of the Rio Tinto long term incentive plan to the Company's senior executives. As previously outlined, the Remuneration Committee believes that the general application of the Rio Tinto remuneration framework (including the Rio Tinto long term incentive plans) to ERA's senior executives with appropriate review by the Remuneration Committee, is of benefit to the Company. As such the Remuneration Committee recommended that the Company's long term incentive plans remain unchanged for 2014. During 2015, the Remuneration Committee will review the position for future years.

Share based remuneration dependent on performance

Performance Share Plan

The Rio Tinto PSP provides a conditional right to Rio Tinto shares to eligible senior management personnel within the Rio Tinto Group, including the senior executives of the Company.
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 Towers Watson.

Subject to Rio Tinto Remuneration Committee approval, awards vest based on the Rio Tinto Group's TSR performance against the Morgan Stanley Capital World Index (one third) and the HSBC Global Mining Index (one third), along with improvement in Rio Tinto EBIT margin (one third) 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.

If Rio Tinto was subject to a change of control or a company restructuring, the conditional awards would only vest subject to the satisfaction of the performance condition measured at the time of the change of control or restructuring. Should this occur within the first 36 months from date of grant of the award, the number of shares that can vest will be reduced pro-rata over the 36 month period. The Rio Tinto Remuneration Committee has discretion to adjust the performance condition to ensure a fair measure of performance.

Rio Tinto releases awards to participants as either Rio Tinto plc or Rio Tinto Limited shares. Awards may, upon vesting, be satisfied by Rio Tinto through the transfer of treasury shares, the issue of new shares or the purchase of shares in the market.

Chief Executive's long term incentive plan

In 2014 the Remuneration Committee recommended that the Chief Executive's long term incentive award be delivered in Rio Tinto shares under the Rio Tinto MSP and under an ERA long term incentive plan (ERA LTIP). The Chief Executive is the only executive who participates in this plan. The amount of the Chief Executive's long term incentive award that would otherwise have been provided under the Rio Tinto PSP has been provided under the ERA LTIP.

The ERA LTIP is an award of rights that have a value calculated by reference to the Company's share price (ie phantom shares). Whether or not the rights vest depends on the extent to which the relevant performance conditions have been satisfied over the performance period. Awards have a three year performance period commencing on 1 January of the year of grant. For the 2014 award, the performance conditions will be measured over a three year period (from 1 January 2014 to 31 December 2016).

The two performance conditions are a relative TSR condition and the achievement of ERA strategic measures. Each condition will be assessed independently. Strategic performance conditions have been chosen to ensure that the long term incentive award is assessed against both the Company's relative performance against other uranium producers and the achievement of ERA strategic measures. The Board considers that this reflects the appropriate mix of incentives to achieve an improvement in ERA's performance over the long term.

For the TSR performance condition, rights vest based on ERA's TSR performance against Areva SA, Cameco Corp, Denison Mines Corp, Energy Fuels Inc, Fission Uranium Corp, Paladin Energy Limited, Summit Resources Limited, Uranium Energy Corp and Ur-Energy Inc over the performance period. Vesting will be subject to ERA's ranked position using the following schedule:

Equal or greater to 2nd ranked company	100 per cent of the rights subject to the TSR condition vest
Between the 5th and 2nd ranked companies	Between 22.5 per cent and 100 per cent of the rights subject to the TSR condition vest, on a pro rata basis
Above the 5th ranked company	22.5 per cent of the rights subject to the TSR condition vest
Equal to the 6th ranked company or below	Nil vesting

For the ERA strategic measures, an assessment of the level of vesting applicable to this portion of the award is to be assessed by the Remuneration Committee, with the final outcome to be recommended to the ERA Board by the ERA Chairman at the end of the three year performance period. The elements to be considered in respect of ERA strategic measures include financial performance, organisational and personnel related performance, relations with stakeholders and progress in respect of the Ranger 3 Deeps underground mine project. For outstanding performance, the Board may determine to permit a number of rights to vest that is equal to 150 per cent of the initial number of rights awarded that were subject to ERA strategic measures condition.

Upon vesting, the value of the ERA LTIP award will be converted into Rio Tinto MSP shares. The number of Rio Tinto MSP shares to be awarded will be calculated based on the five day average Rio Tinto Limited share price prior to the Rio Tinto MSP grant date in March of the year of vesting. Any Rio Tinto MSP shares provided will vest after a further 2 year period in February 2019. There are no further performance conditions, however, the Rio Tinto MSP shares can be forfeited in certain circumstances related to cessation of employment.

Share based remuneration not dependent on performance

Under the Rio Tinto MSP, conditional grants of Rio Tinto shares may be awarded to eligible senior executives of the Company which will vest, wholly or partly, upon expiry of a three year vesting period. Rio Tinto shares to satisfy the vesting are purchased by Rio Tinto in the market. Award levels under the Rio Tinto MSP are at the discretion of Rio Tinto.

In the case of a change of control, awards vest on the date of the change of control, but the award may be reduced pro rata to reflect the acceleration of vesting. Prior to the change of control, and with the consent of the acquiring company, the shares can be converted to shares in the acquirer. After a change of control, this can only be achieved with the consent of the employee.

Other Share Plans

The senior executives of the Company, together with all employees of the Company, may participate in Rio Tinto share savings and share option plans applicable at particular locations. Up to and including 2011, these include the Rio Tinto Limited share savings plan for senior executives employed from the Rio Tinto Limited group of companies and the Rio Tinto plc share savings plan for senior executives employed from the Rio Tinto plc group of companies. In 2012, the Rio Tinto Remuneration Committee approved and implemented a new global employee share purchase plan, myShare. The new plan is offered to eligible employees. Under the plan, employees may acquire shares up to the value of US$5,000 per year capped at 10 per cent of their base salary. Each share purchased will be matched by the Company providing the participant holds the shares and remains employed at the end of the three year vesting period. Further details are at Note 30 to the Financial Statements.

Share dealing policy

The participation of 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 'Rules for dealing in securities of Rio Tinto' ("Rules for dealing"). The 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*.

D Details of remuneration

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

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 McMahon	2014	175	-	-	16	191
	2013	167	-	-	15	182
D Klingner[1]	2013	20	-	-	2	22
H Garnett	2014	110	-	-	10	120
	2013	110	-	-	10	120
P Taylor[2]	2014	90	-	-	-	90
	2013	90	-	-	-	90
J Pegler	2014	108	-	-	10	118
	2013	108	-	-	10	118
H Newell[2,3]	2014	40	-	-	-	40
	2013	90	-	-	-	90
Joanne Farrell[2,4]	2014	50	-	-	-	50
Bruce Cox[2,5]	2014	9	-	-	-	9
Total 2014		582	-	-	36	618
Total 2013		585	-	-	37	622

Note 1 Resigned as a Director and Chairman on 8 February 2013.
Note 2 Amounts paid directly to Rio Tinto Limited.
Note 3 Resigned as a Director on 11 June 2014.
Note 4 Appointed as a Director on 11 June 2014.
Note 5 Appointed as a Director on 27 November 2014.

Executive Director and other key management personnel of the consolidated entity

Set out below is an overview of the remuneration paid to the executive Director and other key management personnel in 2014. This includes details of the key elements of remuneration and a summary of total remuneration for 2014.

Andrea Sutton (Chief Executive from 23 September 2013)

Base salary

Ms Sutton was appointed as Chief Executive and Managing Director on 23 September 2013. Ms Sutton's base salary is reviewed annually, with reference to the underlying performance of ERA, the Rio Tinto Group and Ms Sutton, global economic conditions, role responsibility, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader employee population.

On 1 March 2014, Ms Sutton's base salary was $391,000.

STIP objectives

The STIP cash payment made to Ms Sutton and other key management personnel in 2014 was determined by assessing individual and business performance against objectives set for 2013.

The following individual objectives were set for Ms Sutton for 2013:

- Continue to improve employee engagement and safety during a time of significant change and uncertainty
- Meet or exceed 2013 production target
- Continue to implement the progressive rehabilitation program for the Ranger Project Area on schedule and on budget, including the backfilling of Pit 3, and dewatering of Pit 1
- Advancement of the Ranger 3 Deeps Exploration Decline, underground exploration drilling program and Prefeasibility Study in accordance with plan and budget
- Demonstrate progress on the rehabilitation of Jabiluka Interim Water Management Pond
- Enhance the Company's relationship with Mirarr Traditional Owners and the Gundjeihmi Aboriginal Corporation

STIP outcomes

Ms Sutton's achievement against her 2013 personal objectives was assessed as good. In particular:

- ERA had a strong safety performance, with a new record of 188 injury free days and an All Injury Frequency Rate of 0.91
- ERA produced 2,960 tonnes and sold 2,815 tonnes of uranium oxide
- ERA achieved $52 million of additional cost savings as part of the ongoing Business Review and ended the year with $357 million in cash on hand
- The rehabilitation of Pit 3 progressed ahead of schedule with 22.8 million tonnes backfilled at the end of 2013
- The rehabilitation of Pit 1 progressed on schedule, with dewatering wicks installed and the first part of a rock layer to compress the tailings mass and activate the wicks laid
- The Ranger 3 Deeps Exploration Decline project, underground exploration drilling program and Prefeasibility Study progressed on schedule and on budget
- The Jabiluka Interim Water Management Pond was safely dismantled, with rehabilitation of the site well advanced
- Improved engagement with Mirarr Traditional Owners and the Gundjeihmi Aboriginal Corporation through leach tank recovery operation, Relationship Committee and related activities
- ERA's strong record of employee diversity continued, with 91 female employees (18 per cent of the total workforce) and 79 Indigenous employees (16 per cent of the total workforce

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 awards granted to Ms Sutton in 2014, based on the fair value calculations performed by individual advisors, was 56 per cent of base salary. The eventual value of the award will depend on performance during the period 2014 to 2016.

Total remuneration

The table below provides a summary of Ms Sutton's total remuneration disclosed for 2013 (for services rendered to ERA) and 2014. 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 on page 73 include theoretical accounting values relating to various parts of the remuneration packages, most notably long term incentive plan arrangements. Accordingly, the numbers below are not compatible with those in the table on page 73.

(STATED IN $'000)	2014	2013
Base salary paid[1]	389	105
STIP cash bonus[2]	175	-
STIP deferred shares[3]	57	-
LTIP share based payments	143	34
Superannuation	98	21
Other benefits[4]	84	53
Total remuneration	946	213
% change from previous year	-	-
% of maximum STIP cash bonus awarded	61	-
% of maximum STIP cash bonus forfeited	39	-

Note 1 *2013 salary paid in financial year from 23 September 2013 to 31 December 2013. Salaries are reviewed with effect from 1 March.*
Note 2 *Bonus payment relates to prior year performance. No cash bonus is disclosed for 2013 as payments made were in respect to services rendered to another Rio Tinto entity in 2012.*
Note 3 *Value of deferred share awards granted under Bonus Deferral Plan. No deferred share awards are disclosed for 2013 as awards made were in respect to services rendered to another Rio Tinto entity in 2012.*
Note 4 *Other benefits include accommodation, vehicle and other allowances.*

Rob Atkinson

Base salary

Mr Atkinson resigned as Chief Executive and Managing Director on 23 September 2013. At the time of his resignation, Mr Atkinson's base salary was $399,094.

Total remuneration

For comparison purposes, the table below provides a summary of Mr Atkinson's total remuneration disclosed for the years of 2012 and 2013. Mr Atkinson received no remuneration from ERA in 2014. 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 on page 73 include theoretical accounting values relating to various parts of the remuneration packages, most notably long term incentive plan arrangements. Accordingly, the numbers below are not compatible with those in the table on page 73.

(STATED IN $'000)	2014	2013	2012
Base salary paid[1]	-	287	396
STIP cash bonus[2]	-	198	189
STIP deferred shares[3]	-	66	63
LTIP share based payments	-	181	223
Superannuation	-	88	92
Other benefits[4]	-	87	84
Total remuneration	-	907	1,047
% change from previous year[5]	-	(4%)	5%
% of maximum STIP cash bonus awarded	-	66%	67%
% of maximum STIP cash bonus forfeited	-	34%	33%

Note 1 *2013 salary paid in financial year from 1 January 2013 to 23 September 2013. Salaries are reviewed with effect from 1 March.*
Note 2 *Bonus payment relates to prior year performance.*
Note 3 *Value of deferred share awards granted under Bonus Deferral Plan.*
Note 4 *Other benefits include accommodation, vehicle and other allowances.*
Note 5 *2013 salary annualised for comparison.*

Key management personnel (other than the Chief Executive)

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 2013 and 2014, the base salaries of the Company's key management personnel (other than the Chief Executive) were:

BASE SALARY A'$000 (UNLESS OTHERWISE SPECIFIED)	2014	2013	% CHANGE
Tim Eckersley	315	305	3%
James May[1]	235	-	-
Greg Sinclair	297	290	2%
Steeve Thibeault[2]	316	312	1%
Alan Tietzel	349	341	2%

Note 1 *Employment with ERA commenced on 5 May 2014.*
Note 2 *Employment with ERA ceased on 30 May 2014. Salary is reflected at time of resignation.*

STIP objectives and outcomes

	SUMMARY OF INDIVIDUAL OBJECTIVES*
Tim Eckersley	• Lead and deliver on the Company's health and safety objectives to achieve zero harm • Deliver the Ranger operations cost budget to plan • Deliver total material movement for mining operations to plan • Deliver plant throughput to plan • Integrate Brine Concentrator into Ranger operations • Right-size the Ranger workforce for future operations and maintain diversity • Continued improved relations with local and regulatory stakeholders
James May	• Mr May joined ERA in May 2014, and as such no STIP payment was made in 2014 for services to ERA
Greg Sinclair	• Lead and deliver on the Company's health and safety objectives to achieve zero harm • Delivery of the Integrated Tailings, Water and Closure Prefeasibility Study, strategy and cost estimate • Delivery of the Tailings and Brine Management Feasibility Study • Delivery of the 2013 objectives of the Ranger 3 Deeps Prefeasibility Study and Environmental Impact Statement • Development, approval and handover of progressive rehabilitation plans for Pit 1 initial backfill and the Jabiluka Interim Water Management Pond • Safely execute the surface exploration program to target high grade deposits on the Ranger Project Area
Steeve Thibeault	• Demonstrate leadership in health, safety and environment and Company values • Implement the objectives of the 2013 Business Plan and develop a comprehensive and detailed Business Plan for 2014 and 2015 • Implement rigorous cost review throughout ERA's operations • Ensure that cashflow planning and management is at a high level, with a view to maximising cashflow at end of 2015 • Develop optimised cashflow generation options, including production, sales and inventory for the period of 2013 to 2016 • Deliver and improve procurement initiatives in line with Business Review objectives
Alan Tietzel	• Demonstrate leadership in health, safety, environment and Company values • Implement specific aspects of Section 44 Agreement and Mining Agreement including establishment of Kakadu West Arnhem Social Trust • Foster Traditional Owner and key stakeholder support for a Ranger 3 Deeps undergound mine • Develop tenure and external relations plan to support the long term future of Ranger operations • Develop and drive strategies which will underpin a viable future for Jabiru, including scheduling of the town under ALRA in the name of Mirarr Traditional Owners • Support development of long term strategic options for ERA

**Individual objectives relate to the 2013 financial year.*

A summary of the individual targets and performance for each of the Company's key management personnel (other than the Chief Executive) for the 2013 financial year (STIP paid in 2014) is set out in the table below.

MEASURES	WEIGHT (%)	SCORE (OUT OF 200%)	WEIGHTED SCORE (%)
Tim Eckersley			
Financial performance	10.0	121.9	12.2
Business performance	15.0	133.4	20.0
Health and Safety	15.0	137.0	20.6
Individual	60.0	124.8	74.9
Total	**100.0**	**-**	**127.7**
Greg Sinclair			
Financial performance	10.0	121.9	12.2
Business performance	15.0	133.4	20.0
Health and Safety	15.0	137.0	20.6
Individual	60.0	117.5	70.5
Total	**100.0**	**-**	**123.3**
Steeve Thibeault			
Financial performance	10.0	121.9	12.2
Business performance	15.0	133.4	20.0
Health and Safety	15.0	137.0	20.6
Individual	60.0	113.5	68.1
Total	**100.0**	**-**	**120.9**
Alan Tietzel			
Financial performance	10.0	121.9	12.2
Business performance	15.0	133.4	20.0
Health and Safety	15.0	137.0	20.6
Individual	60.0	111.7	67.0
Total	**100.0**	**-**	**119.8**

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 in 2014, based on the fair value calculations performed by independent advisors, was between 22.5 per cent and 30 per cent of base salary.

Executive directors and other key management personnel total remuneration

		SHORT TERM BENEFITS				POST EMPLOY-MENT BENEFITS	SHARE BASED PAY-MENTS[9]	
		CASH SALARY ($000)	CASH BONUS[9] ($000)	OTHER[8] ($000)	TERMINATION PAYMENTS ($000)	SUPER-ANNUA-TION PENSION ($000)	CASH & EQUITY SETTLED ($000)	TOTAL ($000)
Executive directors								
A Sutton[1]	**2014**	389	175	84	-	98	169	915
	2013	105	-	53	-	21	34	213
R Atkinson[2]	**2013**	287	198	87	-	88	209	869
Other senior executives								
T Eckersley[3]	**2014**	360	117	33		72	88	670
	2013	363	125	32	-	70	75	665
J May[4]	**2014**	137	-	38		27	17	219
G Sinclair[5]	**2014**	296	89	38		66	63	552
	2013	299	99	41	-	64	65	568
S Thibeault[6]	**2014**	131	94	31	-	34	34	324
	2013	321	100	82	-	61	83	647
A Tietzel[7]	**2014**	397	122	38	-	30	107	694
	2013	401	124	80	-	22	108	735
Total 2014		1,710	597	262		327	478	3,374
Total 2013		1,776	646	375	-	326	574	3,697

Note 1 Performance related cash bonus: 61 per cent awarded in 2014, 39 per cent forfeited. No cash bonus is disclosed for 2013 as payments made were in respect to services rendered to another Rio Tinto entity in 2012.
Note 2 Resigned as Chief Executive on 23 September 2013. Performance related cash bonus: 66 per cent awarded in 2013, 34 per cent forfeited.
Note 3 Performance related cash bonus: 64 per cent awarded in 2014, 36 per cent forfeited. 68 per cent awarded in 2013, 32 per cent forfeited.
Note 4 Salary paid in financial year from 5 May 2014 to 31 December 2014. No cash bonus is disclosed for 2014 as payments made were in respect to services rendered to another Rio Tinto entity in 2013.
Note 5 Performance related cash bonus: 62 per cent awarded in 2014, 38 per cent forfeited. 68 per cent awarded in 2013, 32 per cent forfeited.
Note 6 Salary paid in financial year from 1 January 2014 to 30 May 2014. Performance related cash bonus: 60 per cent awarded in 2014, 40 per cent forfeited. 64 per cent awarded in 2013, 36 per cent forfeited.
Note 7 Performance related cash bonus 60 per cent awarded in 2014, 40 per cent forfeited. 61 per cent awarded in 2013, 39 per cent forfeited.
Note 8 Other benefits includes relocation, accommodation, travel, vehicle and other allowances and other employment related benefits.
Note 9 Performance related bonuses paid in 2014 relate to services in 2013 (equally bonuses paid in 2013 relate to services in 2012).

The value of share based awards has been determined in accordance with the recognition and measurement requirements of AASB2 "Share-based Payment". The fair value of awards granted under the Rio Tinto Management Share Plan (MSP), Bonus Deferral Plan (BDP), Performance Share Plan (PSP) and Share Savings Plan (SSP) have 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 and exercise attached to these awards.

E Executive service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. These agreements provide for participation in the Rio Tinto short and long term incentive plans upon achieving performance and service goals. The agreements may also provide for other benefits, including: medical insurance; vehicle and accommodation allowances; relocation allowances and expenses and travel allowances.

Key management personnel will also be entitled 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;
- share options or conditional share awards held for less than 12 months at date of termination may be reduced pro-rata;
- there is no contractual entitlement to payments in the event of a change of control; and
- other major provisions of the agreements relating to remuneration as set out below.

A Sutton - Chief Executive

Term of agreement - Open, commenced 23 September 2013

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2014 of $391,000 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.

In addition to Ms Sutton's service agreement, ERA has entered into a secondment agreement with Rio Tinto in relation to Ms Sutton's services to ERA. The secondment agreement provides that ERA can end Ms Sutton's secondment by giving Rio Tinto six months' notice at any time. Rio Tinto can end Ms Sutton's secondment by giving six months' notice to ERA, provided such notice can be given no earlier than 23 March 2016.

T Eckersley - General Manager Operations

Term of agreement - Open, commenced 10 September 2012

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2014 of $315,000 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.

J May - Chief Financial Officer

Term of agreement - Open, commenced 5 May 2014

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2014 of $235,000 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.

G Sinclair - General Manager Technical Projects

Term of agreement - Open, commenced 1 May 2007.

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2014 of $297,000 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 one month notice in writing or by the employer giving three months notice or equivalent payment in lieu of notice.

A Tietzel - Chief Advisor Agreements

Term of agreement - Open, commenced 1 October 2010

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2014 of $349,000 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.

S Thibeault - Chief Financial Officer

Term of agreement - commenced 1 December 2012 and resigned 30 May 2014

Base salary (excluding superannuation, allowances and other benefits) as at 30 May 2014 of $316,000 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. Mr Thibeault commenced employment with the Company in July 2009 but entered into a new service agreement on 1 December 2012.

R Atkinson - Chief Executive

Term of agreement - commenced 8 September 2008 and resigned 23 September 2013

Base salary (excluding superannuation, allowances and other benefits) as at 23 September 2013 of $399,000 per annum. Maximum short term incentive bonus upon meeting performance criteria is 120 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.

F Share based compensation

Rio Tinto Share Option Plan

In 2013 the Rio Tinto Share Option Plan was discontinued. No options were granted in 2014. Details of the costs of the share based payment plans applied by the Company are provided at Note 30 of the Financial Statements.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (PRE RIGHTS ISSUE)	EXERCISE PRICE (POST RIGHTS ISSUE)	VALUE PER OPTION AT GRANT DATE	VALUE PER OPTION POST RIGHTS ISSUE	EARLIEST EXERCISE DATE
Rio Tinto Limited		**$**	**$**	**$**	**$**	
9/03/2005	9/03/2015	47.04	30.93	8.93	8.93	9/03/2008
7/03/2006	7/03/2016	71.06	54.95	17.09	17.09	7/03/2009
17/03/2009	17/03/2019	49.56	33.45	13.36	13.36	17/03/2012
Rio Tinto plc		**£**	**£**	**£**	**£**	
17/03/2009	17/03/2019	20.01	16.53	6.62	8.29	17/03/2012

Rio Tinto Performance Share Plan

Share awards under the Rio Tinto Performance Share Plan (PSP) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. In 2013 the PSP was revised, and as a transitional provision, 50 per cent potentially vest after four years and 50 per cent potentially vest after five years. No PSP was granted as remuneration during 2014. 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*	MARKET PRICE AT 31 DECEMBER 2014
Rio Tinto Limited			
21 March 2011	$81.00	31 December 2014	$58.00
19 March 2012	$65.85	31 December 2015	$58.00
27 May 2013	$53.11	31 December 2016	$58.00
27 May 2013	$53.11	31 December 2017	$58.00
Rio Tinto plc			
21 March 2011	£40.58	31 December 2014	£30.00
19 March 2012	£36.14	31 December 2015	£30.00

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

Rio Tinto Management Share Plan

Share awards under the Rio Tinto Management Share Plan (MSP) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. 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*	PRICE AT 31 DECEMBER 2013
Rio Tinto Limited			
19 March 2012	$65.85	31 December 2014	$58.00
27 May 2013	$53.11	31 December 2015	$58.00
17 March 2014	$60.28	31 December 2016	$58.00
Rio Tinto plc			
19 March 2012	£36.14	31 December 2014	£30.00

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

Rio Tinto Bonus Deferral Plan

Share awards under the Rio Tinto Bonus Deferral Plan are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. 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*	PRICE AT 31 DECEMBER 2014
Rio Tinto Limited			
21 March 2011	$81.00	100% 1 December 2013	$58.00
19 March 2012	$65.85	100% 1 December 2014	$58.00
27 May 2013	$53.11	100% 1 December 2015	$58.00
17 March 2014	$60.35	100% 1 December 2016	$58.00

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

Share based compensation – Rio Tinto employee share schemes

The Directors and key management personnel of the Company who elected to participate in the Rio Tinto employee share schemes as at 31 December 2014 are set out below:

P Taylor	Rio Tinto myShare Savings Plan
J Farrell	Rio Tinto myShare Savings Plan
B Cox	Rio Tinto myShare Savings Plan
T Eckersley	Rio Tinto Share Savings Plan
	Rio Tinto myShare Savings Plan
G Sinclair	Rio Tinto myShare Savings Plan
A Tietzel	Rio Tinto myShare Savings Plan

Equity instrument disclosures relating to Directors and key management personnel

Options provided as remuneration

Details of options over ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to key management personnel in respect of their service to ERA are set out below. When exercisable, each option is convertible into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

		BALANCE AT START OF THE YEAR OR ON JOINING[1]	GRANTED AS REMUN-ERATION	EXERCISED DURING THE YEAR	OTHER CHANGES[2]	BALANCE AT END OF THE YEAR[3] VESTED & EXER-CISABLE	UN–VESTED
Rio Tinto plc							
Key management personnel							
S Thibeault	**2014**	1,186	-	-	-	1,186	-
	2013	1,186	-	-	-	1,186	-
Rio Tinto Limited							
Executive directors							
R Atkinson	**2013**	2,168	-	-	-	2,168	-
A Sutton	**2014**	2,888	-	-	-	2,888	-
	2013	2,888	-	-	-	2,888	-
Key management personnel							
A Tietzel	**2014**	4,495	-	(2,487)	-	2,008	-
	2013	4,495	-	-	-	4,495	-
Non-executive directors[4]							
P Taylor	**2014**	9,368	-	(2,025)	-	7,343	-
	2013	12,987	-	(3,619)	-	9,368	-
J Farrell	**2014**	8,090	-	-	-	8,090	-
B Cox	**2014**	8,425	-	(314)	-	8,111	-

Note 1 Where a 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, and forfeited options where conditions were not met.
Note 3 Where a key management personnel left prior to the end of the year, the balance reflects the holding at the time of resignation.
Note 4 Changes to balances for non-executive Directors do not relate to remuneration for services provided to the Company.

Conditional awards provided as remuneration

Performance Share Plan; Management Share Plan; Bonus Deferral 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 each of the key management personnel of ERA in respect of their duties as officers of ERA are set out below. When exercisable, 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 REMU-NERATION	VESTED	LAPSED	AWARDS CAN-CELLED	OTHER CHANGES[2]	BALANCE AT END OF YEAR[3]
Rio Tinto plc								
Key management personnel								
S Thibeault	**2014**	2,039	78	(1,568)	-	(144)	-	405
	2013	3,523	85	(1,569)	-	-	-	2,039
Rio Tinto Limited								
Executive directors								
A Sutton	**2014**	8,953	2,438	(1,564)	-	(197)	-	9,630
	2013	8,953	-	-	-	-	-	8,953
R Atkinson	**2013**	13,881	11,236	(2,310)	-	-	-	22,807
Key management personnel								
T Eckersley	**2014**	4,796	1,581	(899)	-	(107)	-	5,371
	2013	3,176	2.322	(702)	-	-	-	4,796
J May	**2014**	1,799	-	-	-	-	-	1,799
G Sinclair	**2014**	3,576	1,128	(1,033)	-	(129)	-	3,542
	2013	3,300	1,125	(849)	-	-	-	3,576
S Thibeault	**2014**	2,845	1,486	-	-	-	-	4,331
	2013	1,339	1,506	-	-	-	-	2,845
A Tietzel	**2014**	6,498	1,770	(1,644)	-	(207)	-	6,417
	2013	5,242	2,621	(1,365)	-	-	-	6,498
Non-executive directors[4]								
P Taylor	**2014**	13,926	-	(4,069)	-	-	4,143	14,000
	2013	11,067	-	(1,786)	-	-	4,645	13,926
H Newell	**2014**	13,482	-	(1,188)	-	-	10,688	22,982
	2013	6,296	-	-	-	-	7,186	13,482
J Farrell	**2014**	32,374	-	(1,515)	-	-	158	31,017
B Cox	**2014**	42,849	-	(1,479)	-	-	114	41,484

Note 1 *Where a 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, and Rio Tinto Rights Issue adjustments to accrued balances.*
Note 3 *When a 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 the Company.*

Shareholdings

The number of shares held in ERA or Rio Tinto Limited during the financial year by each Director of ERA are set out below.

		BALANCE AT START OF THE YEAR[1]	RECEIVED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR[2]
Energy Resources of Australia Ltd					
P McMahon	**2014**	42,500	-	-	42,500
	2013	-	-	42,500	42,500
R Atkinson	**2013**	-	-	22,958	22,958
H Newell	**2014**	161	-	-	161
	2013	161	-	-	161
Rio Tinto Limited					
P McMahon	**2014**	18,405	-	-	18,405
	2013	18,405	-	-	18,405
R Atkinson	**2013**	888	2,001	(2,001)	888
A Sutton	**2014**	8,895	1,880	(1,564)	9,211
	2013	8,895	-	-	8,895
D Klingner	**2013**	29,787	-	-	29,787
P Taylor	**2014**	28,121	5,683	-	33,804
	2013	23,528	5,405	(812)	28,121
J Pegler	**2014**	6,331	-	-	6,331
	2013	6,331	-	-	6,331
J Farrell	**2014**	19,131	1,788	(1,515)	19,404
B Cox	**2014**	5,395	1,476	(1,476)	5,395

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

Further details relating to options

		VALUE OF OPTIONS EXERCISED DURING THE YEAR	MARKET PRICE AT DATE OF EXERCISE
Value of options exercised during the year			
	2014	$66,199	$58.78
	2013	-	-

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 24 – related parties.

Principal activities

The principal activities of the Company during the course of the year consisted of the mining, processing and sale of uranium oxide.

Dividends

No dividends have been paid by ERA to members in respect of the 2014 financial year.

Operating and financial review

Details of ERA's review and results of operations are included in the Chairman's Report on page 6, the Chief Executive's Report on page 8 and the Operating and Financial Review section on page 12.

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 consolidated entity during the year ended 31 December 2014.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material nature that has significantly affected or may significantly affect:

(i) the operations of the consolidated entity;

(ii) the results of those operations; or

(iii) the state of affairs of the consolidated entity subsequent to the financial year ended 31 December 2014.

Likely developments

In the opinion of the Directors, any other likely developments in the operations of the consolidated entity 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 Operating and Financial Review section on page 12.

Annual General Meeting

The 2014 Annual General Meeting will be held on 14 April 2015 in Darwin, in the Northern Territory of Australia. Notices of the 2015 Annual General Meeting are set out in separate letters to the shareholders of the Company.

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 Secretary 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 Chief Financial Officer and General Managers and other key management personnel 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 and its controlled entities (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 Mines and Energy (Northern Territory); the Supervising Scientist of the Commonwealth Department of Environment; the Northern Land Council; the Commonwealth Department of Industry and Science and the Gundjeihmi Aboriginal Corporation (representatives of the Mirarr Traditional Owners).

ERA's commitment to protect the environment in 2014 was confirmed by the Supervising Scientist, which conducts extensive monitoring and research programs. There were no reported incidents that resulted in any environmental impact off the immediate mine site. The environment remained protected through the period.

There were no prosecutions commenced or fines incurred in respect of ERA's environmental performance during 2014. Further details of ERA's environmental performance are included in the "Environment" section of the Annual Report on page 41.

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 Corporate Governance Principles and Recommendations – Second Edition developed by the Australian Securities Exchange 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 68.4 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 85 to 89.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 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.

Auditors

PricewaterhouseCoopers are the auditors of the Company. No person who was an officer of the Company during the year was a former partner or director of the auditors. 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 auditors in connection with preparing their report) of which the auditors are 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 auditors are aware of that information.

Non audit services

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

Details of the amount paid or payable to the auditors for audit services are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. 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 auditors and do not undermine the general principles relating to auditors' independence as set out in Professional Statement F1, including reviewing or auditing the auditors' 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. Accordingly, the Directors have satisfied themselves that the provision of non-audit services by the auditors does not compromise the auditor independence requirements of the *Corporations Act 2001*.

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

	2014 $000	2013 $000
AUDIT SERVICES		
PricewaterhouseCoopers		
Audit and review of financial reports	310	230
Audit and review of financial reports (additional 2013 fees)	40	-
Total Remuneration for audit services	350	230
Taxation services	-	-
Non-audit services	-	-
Total Remuneration	350	230

Information on Auditor

PricewaterhouseCoopers 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 84.

Signed at Brisbane this 12 February 2015 in accordance with a resolution of the Directors.

P McMahon
Director
Brisbane
12 February 2015

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Energy Resources of Australia Ltd for the year ended 31 December 2014, 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 audit; and

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

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
12 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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 2nd Edition of the Corporate Governance Principles and Recommendations with 2010 Amendments ("Principles") developed by the Australian Securities Exchange ("ASX") Corporate Governance Council ("Council").

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

- Recommendation 2.1 – there was not a majority of independent Directors; and
- Recommendation 2.4 – there was no established nominations committee.

Areas where the corporate governance practices in place at ERA do not follow the recommendations set out in the Council's Principles arise due to Rio Tinto's ownership of 68.4 per cent of the shares of the Company and the management direction, services and support provided by Rio Tinto. As explained further below, the Board considers that in each case this is appropriate. The Corporate Governance section of the Company's website (*www.energyres.com.au*) sets out the further information required by the Council's Principles.

The 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 the ERA's shareholders and 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.

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:

(a) confirming the appointment and removal of a Chief Executive proposed by Rio Tinto and the terms and conditions of the Chief Executive's employment;
(b) appointment and removal of a Company Secretary;
(c) appointment of the Chair of the Board and members of Board Committees;
(d) any matters set out in the Schedule of Matters Reserved for Decision or Consideration by the Board; and
(e) 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;
  - (v) the acquisition, divestment or establishment of any significant business assets;
  - (vi) changes to the discretions delegated from the Board;
  - (vii) the annual operating budget plan;
  - (viii) changes to the capital and operating approval limits of senior management; and
  - (ix) the annual report and interim and preliminary final reports.

Composition

From 1 January 2014 to 27 November 2014, the Board of ERA consisted of six Directors, five of whom were non-executive. On 27 November 2014, the number of Directors was increased to seven with the addition of Mr Cox as a non-executive Director. During 2014, Mr McMahon was the Chairman and an independent, non-executive Director. Dr Garnett and Mr Pegler served as independent, non-executive Directors. Mr Taylor, Ms Newell, Ms Farrell and Mr Cox, who are executives of Rio Tinto, also served as non-executive Directors. Ms Sutton is an executive Director and holds the position of Chief Executive.

On 11 June 2014, Ms Newell resigned as a Director. Ms Farrell was appointed as a Director on the same date.

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 58 to 59. Details of the independent status of Directors is 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. Decisions relating to appointment of Directors are made by the full Board. Directors appointed by the Board are required by ERA's Constitution to submit themselves for election by shareholders at the Annual General Meeting following their appointment. There is no share ownership qualification for appointment as a Director.

The Board has not established a nominations committee. The Board recognises that this does not follow Recommendation 2.4 of the Council's Principles. 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.

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.

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 all shareholders. 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.

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 5 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, within the last three years, the Director or a close family member has had, either directly or indirectly and 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).

Dr Garnett and Mr Pegler are independent non-executive Directors.

Mr McMahon was nominated to the Board by Rio Tinto in November 2012. Mr McMahon was previously an executive of Rio Tinto, however, a sufficient period of time (three years) had elapsed since he ceased employment with Rio Tinto. The Board is satisfied that Mr McMahon has no continuing relationship with Rio Tinto that would interfere with his independent exercise of judgement and that he is an independent director.

For the reporting period, the Board of Directors did not consist of a majority of independent Directors. This does not follow Recommendation 2.1 of the Council's Principles. The Board considered it was appropriate that the composition of the Board recognised Rio Tinto's 68.4 per cent shareholding.

All Directors are required to, and do, bring an independent judgment 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 all shareholders.

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 McMahon, is an independent non-executive Director. Mr McMahon's other appointments are set out on page 58. The Board considers that none of his other commitments interfere with the discharge of his duties to ERA.

The Chief Executive is Ms Sutton, who is also a Director. This is consistent with Recommendation 2.3 of the Council's Principles that the Chief Executive and Chairman be different people.

Board meetings

The Board held six scheduled meetings and seven extraordinary meetings during 2014. In addition, there were nine meetings held in 2014 of subcommittees established by the Board. The Board meeting attendance details for Directors in 2014 are set out on page 62.

Performance self assessment

In 2014, the Board performed an evaluation of itself that:

(a) considered the performance of the Directors and the Board and the adequacy of the Board's structures and processes, including the Board Charter;
(b) set out goals and objectives of the Board for the upcoming year; and
(c) considered whether any improvements or changes to the Board structures and processes, including the Board Charter and Audit and Risk Committee Charter, were necessary or desirable.

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

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 2014 Annual General Meeting, the 2013 Remuneration Report was approved with 91.27 per cent of shareholders who cast a vote voting in favour (voting comprised 363,837,765 votes 'for' the resolution and 34,816,512 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 354,078,854 votes 'for' the resolution.

In 2012, the Board established a Remuneration Committee. At 31 December 2014, the Remuneration Committee comprised three non-executive independent Directors, being Mr Pegler (Chair), Dr Garnett and Mr McMahon. 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 Charter sets out the role and objectives of the Remuneration Committee. A summary of the objectives of the Remuneration Committee is set out on page 63 of the Remuneration Report. The complete Remuneration Committee Charter is available at the Corporate Governance section of ERA's website.

Audit and Risk committee

The Audit and Risk Committee is appointed by the Board and at 31 December 2014 comprised three non-executive independent Directors. Two Directors constitute a quorum. The present members of the Audit and Risk Committee are Dr Garnett (Chair), Mr Pegler and Mr McMahon. The Company's Chief Financial Officer, Chief Executive and Legal Counsel & Company Secretary, the external auditor and the internal auditors 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 scheduled meetings during 2014 and one extraordinary meeting. Attendance details of the 2014 meetings of the Audit and Risk Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 62 and 58 to 59 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. PricewaterhouseCoopers has been ERA's external auditor for a number of years. Each year, the Audit and Risk Committee reviews the effectiveness of the external audit process and the independence of the auditor. Based on its 2014 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 PricewaterhouseCoopers during 2014 are outlined on page 83.

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 under represented 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 is set out below:

OBJECTIVE	OUTCOME
Women to represent 20 per cent of the management (being manager level and above) and the Board by end of 2014.	As at 31 December 2014 female participation at manager, general manager and Board level is 18 per cent. Women comprise 43 per cent of Directors. Total female participation is 18 per cent.
Target of 33 per cent Indigenous people and 25 per cent female participation in new apprenticeships by end of 2014.	As at 31 December 2014, ERA has nine full time apprentices, three of whom are Indigenous (33 percent). In addition, ERA has three school based apprentices.
Target Indigenous employment of 20 per cent by the end of 2014.	ERA ended 2014 with an Indigenous employment rate of 12 per cent.

As at 31 December 2014, the proportion of women employed by ERA was as follows:

Board of directors	43%
Executive committee and managers	18%
Company	18%

Code of business conduct

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*.
The Company has a confidential whistleblower programme known as 'Speak-OUT'. Employees are encouraged to report any suspicion of unethical or illegal practices.

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" ("Rules for dealing") 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 Rules for dealing, 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 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 day following announcement of ERA's annual results or half year results.

Particulars of the interests held by Directors are outlined on page 62 of the Remuneration 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 management of risk is an integral part of the responsibility of both the Board and management and is carried out through an integrated risk management assurance process including an internal audit programme delivered by the Company's internal auditors and a detailed internal control process covering all of ERA's material business risks.

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 programme; 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.

In 2014, the Board undertook an assessment of 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 management of water; cashflow over the period 2015 to 2018; exploration and the potential development of the Ranger 3 Deeps resource; stakeholder support of the Company's strategic initiatives; rehabilitation of the Ranger Project Area; internal controls relating to the Company's license to operate; external events relating to the Company's license to operate; and access to future tenure and long term development options.

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.

The Chief Executive and Chief Financial Officer give statements, in writing, to the Board regarding the financial reporting and operational results being founded on a sound system of internal compliance and control and the financial statements giving a true and fair view of the Company's position and of the results of the Company's operations. These statements rely on ERA's sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and confirm that ERA's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. In 2014, all General Managers of the Company made a declaration that they:

- understood the key requirements of each business integrity element of the Rio Tinto's *The Way We Work*; and
- had actively engaged with their direct reports to:
  - promote awareness of the business integrity values; and
  - ensure compliance with the Company's expectations around each value.

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 on the Company's website at *www.energyres.com.au*.

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. As recommended by the Council's Principles, PricewaterhouseCoopers, 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 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. The Chief Executive and Chief Financial Officer conduct regular meetings with the Company's major investors and analysts, and the Company organises investor briefings to coincide with the release of half year and full year financial results.

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.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 $'000	2013 $'000
Revenue from continuing operations	3	401,798	370,144
Changes in inventories		(124,876)	14,140
Purchased materials (uranium oxide)		(66,933)	-
Materials and consumables used		(85,300)	(88,459)
Employee benefits and contractor expenses		(215,816)	(172,512)
Government and other royalties	4	(15,423)	(18,407)
Commission and shipping expenses		(2,333)	(10,371)
Depreciation and amortisation expenses	4	(119,977)	(232,169)
Financing costs	4	(29,301)	(32,402)
Statutory and corporate expenses		(11,247)	(10,761)
Other expenses	4	(4,194)	(5,744)
Profit/(loss) before income tax		(273,602)	(186,541)
Income tax (expense)/benefit	5	85,802	50,712
Profit/(loss) for the year		(187,800)	(135,829)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(187,800)	(135,829)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(187,800)	(135,829)
Total comprehensive income for the year is attributable to:			
Owners of Energy Resources of Australia Ltd		(187,800)	(135,829)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	27	(36.3)	(26.2)
Diluted earnings per share (cents)	27	(36.3)	(26.2)

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

Balance Sheet

AS AT 31 DECEMBER 2014

	NOTES	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	293,318	357,208
Trade and other receivables	8	11,232	20,107
Inventories	9	146,559	248,522
Other	10	1,392	2,305
Total current assets		452,501	628,142
Non-current assets			
Inventories	11	85,728	112,584
Undeveloped properties	12	203,632	203,632
Property, plant and equipment	13	358,485	530,346
Deferred tax assets	14	174,627	88,897
Investment in trust fund	15	66,751	63,960
Total non-current assets		889,223	999,419
Total assets		1,341,724	1,627,561
LIABILITIES			
Current liabilities			
Payables	16	55,621	72,512
Income received in advance		14,911	-
Provisions	17	40,552	91,223
Total current liabilities		111,084	163,735
Non-current liabilities			
Provisions	18	485,033	529,804
Total non-current liabilities		485,033	529,804
Total liabilities		596,117	693,539
Net assets		745,607	934,022
EQUITY			
Contributed equity	19	706,485	706,485
Reserves	20	389,918	390,533
Accumulated losses	20	(350,796)	(162,996)
Total equity		745,607	934,022

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

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 January 2013		706,485	390,301	(27,167)	1,069,619
Profit/(loss) for the year		-	-	(135,829)	(135,829)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year				(135,829)	(135,829)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	-	232	-	232
		-	232	-	232
Balance at 31 December 2013		706,485	390,533	(162,996)	934,022
Profit/(loss) for the year		-	-	(187,800)	(187,800)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(187,800)	(187,800)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	-	(615)	-	(615)
		-	(615)	-	(615)
Balance at 31 December 2014		706,485	389,918	(350,796)	745,607

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 2014

	NOTES	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		448,514	406,432
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(368,975)	(294,468)
		79,539	111,964
Payments for exploration and evaluation		(83,205)	(66,186)
Payments for rehabilitation		(56,977)	(73,327)
Interest received		7,871	11,161
Financing costs paid		(1,219)	(1,465)
Income taxes (paid)/refunded		-	(29)
Net cash (outflow)/inflow from operating activities	26	(53,991)	(17,882)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(11,590)	(91,133)
Proceeds from sale of property, plant and equipment		2,652	-
Net cash (outflow)/inflow from investing activities		(8,938)	(91,133)
CASH FLOW FROM FINANCING ACTIVITIES			
Employee share option payments		(962)	(1,106)
Net cash (outflow)/inflow from financing activities		(962)	(1,106)
Net increase/(decrease) in cash and cash equivalents		(63,891)	(110,121)
Cash and cash equivalents at the beginning of the financial year		357,208	467,345
Effects of exchange rate changes on cash and cash equivalents		1	(16)
Cash and cash equivalents at end of year	7	293,318	357,208

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 the consolidated entity consisting of Energy Resources of Australia Ltd (ERA) and its subsidiaries.

(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*.

(i) 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).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) 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

On 11 September 2013, EWL Science Pty Ltd was deregistered. At the time it was ERA's only subsidiary. ERA has no other subsidiaries and is referred to in the financial report as the Company.

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(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 specific criteria have been met for the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

Sales are brought to account when the products pass from the physical control of the Company pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Company.

In the case where a sale occurs and immediately after which (part of) the goods are borrowed back by the Company under a separate agreement, the revenue is deferred until repayment of the borrowed goods occurs.

(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;
- 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) 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 model, taking into consideration the technical closure options available to meet the Company's obligations and applying a probability weighting to each option based on the likelihood of executing each option. When it is deemed only one option is available it is assigned a 100 per cent probability. 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. These 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.

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. 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 an investment on the balance sheet (note 15), and interest received by the Trust Fund is shown as interest income.

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 and fully provided for in the financial statements.

(g) 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 (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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

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 predominately 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.

(i) Inventories

Inventories, other than stores, are carried at the lower of cost and net realisable value. Net realisable value is determined based on estimated future sales prices, exchange rates and capital and production costs, including transport.

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.

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.

Stockpiled ore's net realisable value is calculated on a discounted cash flow basis. If the ore will not be processed within 12 months after the balance sheet date it is included within non-current assets.

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

Stores are valued at cost or net realisable value where applicable and are impaired accordingly to take into account obsolescence.

For inventory management purposes the Company may enter into uranium loans as a lending or receiving party. These loans are entered into for logistical purposes and loans received are repaid from the Company's inventory. The uranium loans do not meet the definition of a financial liability and are recorded net of inventory.

(j) Impairment of assets

Assets that have an indefinite useful life and intangible assets that are not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 as outlined below. 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

Depreciation of plant and equipment is provided for as follows:

(a) individual assets that have a life equal to or longer than the estimated remaining life of the Ranger mine are depreciated on a unit of production basis over the life of the reserves; and

(b) each other asset is depreciated over its estimated operating life on a straight line basis.

The following indicates the depreciation method for buildings and plant and equipment on which the depreciation charges are based:

- buildings – units of production over the life of reserves;
- plant and equipment* – units of production over the life of reserves.

*Some of these assets are depreciated on a straight line basis over their useful operating life which is less than the life of the Ranger mine. See below for the estimated useful lives.

- Office equipment: computers - three years
- Office equipment: general - five years
- Plant and equipment - five years
- Furniture & fittings - ten years
- Motor vehicles - five years
- Tailings Storage Facility - three years
- Brine Concentrator - seven years

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(iii) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (Note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(iv) Mine properties

Mine properties, consisting principally of Ranger Project Area mining rights, are amortised on a unit of production basis over the life of the economically recoverable reserves of Ranger.

(v) Deferred stripping costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units of production basis.

Stripping costs incurred during the production stage of mining operations are deferred where they are separately identifiable and do not form part of normal mining activities. These costs are deferred and amortised over the period in which the associated ore is produced.

(l) 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 project's viability and hence it is probable that future economic benefits will flow to the Company. Capitalised exploration expenditure is reviewed for impairment at each balance sheet date.

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 may no longer be required, 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. Impairment is assessed based on a status report regarding ERA's intentions for development of the undeveloped property and is reviewed using the fair value less cost to sell method.

(m) 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.

(n) 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.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as hedges against highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective.

The effective portion of changes in the fair value is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a forecast transaction is no longer expected to occur the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Derivative financial instruments are not held for speculative purposes.

(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.

(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 defined benefits section currently has only one member from the Company and as such any surplus or deficit of plan assets are disclosed in the financial statements of the sponsoring entity, Rio Tinto Services Limited.

(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. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(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.

(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 98/0100, 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 reduced by a factor for anticipated relative Total Shareholder Return ('TSR') performance. 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. Total Shareholder Return). 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. 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 30.

(x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 'Revenue from contracts with customers' establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is not applicable until 1 January 2017 but is available for early adoption. ERA has not yet determined the extent of the impact, if any.

There are no other standards that are not yet effective and that are expected to have an impact on the entity in the current or future reporting periods and in forecast transactions.

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 required to rehabilitate and restore disturbed land to establish an environment similar to adjacent areas of Kakadu National Park.

The costs are estimated on the basis of a rehabilitation model, taking into account consideration to the preferred options available to meet the Company's obligations. The provision for rehabilitation represents the net present cost at 31 December, based on current disturbance, of the preferred plan within the requirements of the Ranger Authority.

The cost estimates are reviewed annually during the life of the operation to reflect known developments. In 2014 this review 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 on the Ranger Project Area 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.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factor. It is reasonably possible that outcomes within the next financial 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.

A key sensitivity in estimating the rehabilitation provision is the discount rate applied to the underlying cash flows. The Company has maintained a real discount rate of 2.5 per cent.

(b) Taxation

The Company has recognised certain deferred tax assets for deductible temporary differences and recoverable losses carried forward. In recognising these deferred tax assets assumptions have been made regarding the Company's ability to generate future taxable profits. A key assumption is the approval and development of Ranger 3 Deeps mine, should this not occur it is unlikely tax assets would remain recoverable.

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. Further details on deferred tax assets are included in note 14.

(c) Determination of ore reserves and resources

The Company estimates its ore reserves and resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC code). There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation. The Company's Ore Reserves and Mineral Resources Statement as at 31 December 2014 is on pages 24 and 25.

(d) Asset carrying value

The Company has two cash generating units (CGU), the Ranger Project Area (RPA) and the Jabiluka mineral lease. The Ranger CGU includes all assets and liabilities related to activities on the RPA, including the rehabilitation provision and the associated asset capitalised within property, plant and equipment. The Jabiluka CGU relates to the Jabiluka mineral lease which is currently under a long term care and maintenance agreement.

The Company's balance sheet contains items that have been subject to impairment testing during the year.

When the Company assesses CGUs for recoverability, the Company uses the greater of fair value less costs of disposal or value in use. The Company has used the fair value less costs of disposal method for the Ranger Project Area, it has been determined based on discounted cash flow modelling of a set of probability weighted strategic outcomes.

The Company has concluded through detailed impairment testing that Ranger CGU is not impaired.

It is reasonably possible that outcomes within the next financial year that are different from the current assumptions around future market prices, resource and development potential, discount rate, rehabilitation, capital and production costs could require a material adjustment (increase or decrease) to the carrying amount of the Ranger Project Area.

Market consensus uranium price and exchange rate are determined by surveying a sample of brokers and financial institutions to gather their estimation of both the long term uranium price and AUD/USD exchange rate.

The Company's financial modelling also includes the development of Ranger 3 Deeps mine within and beyond the term of the current Authority, which remains subject to stakeholder, regulatory and ERA Board approvals, and to which the Company has assigned a high probability. Should the development of Ranger 3 Deeps not occur, the Ranger CGU would likely face significant impairment.

Estimates and judgements associated with the Jabiluka undeveloped property are disclosed in Note 12.

(e) Inventory net realisable value

The calculation of net realisable value is sensitive to key assumptions about the future including: uranium price, AUD/USD exchange rate and where applicable costs to complete.

The sales price of uranium oxide is denominated in US dollars, so fluctuations in the AUD/USD exchange rate will affect the proceeds received from sales and consequently the recoverable amount.

At 31 December 2014, a $42.6 million (pre-tax) adjustment was made to finished goods inventory and a $5.0 million (pretax) adjustment to work in progress inventory to record it at its net realisable value. This was due to high non-cash costs and low 2014 production, which drove the total unit cost of inventory above the expected sales price. The net realisable value adjustment has been included in 'Changes in inventories' in the statement of comprehensive income.

3 Revenue

	2014 $'000	2013 $'000
REVENUE FROM CONTINUING OPERATIONS		
Sales revenue		
Sale of goods	378,955	355,868
Rendering of services	211	271
Total sales revenue	379,166	356,139
Other revenue		
Interest received/receivable, other parties	10,662	13,073
Rent received	862	932
Compensation uranium oxide received	9,415	-
Net gain on sale of property, plant and equipment	1,693	-
Total other revenue	22,632	14,005
Total revenue from continuing operations	401,798	370,144

4 Expenses

	NOTES	2014 $'000	2013 $'000
LOSS BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:			
Cost of sales			
Produced product (uranium oxide)		247,912	294,247
Purchased product (uranium oxide)		66,933	5,166
Total cost of sales		314,845	299,413
Depreciation			
Mine land and buildings		2,176	4,790
Plant and equipment		82,165	139,029
Total depreciation		84,341	143,819
Amortisation			
Mine properties		4,766	14,073
Rehabilitation asset		30,870	74,277
Total amortisation		35,636	88,350
Total depreciation and amortisation expenses		119,977	232,169
Government and other royalties			
Royalty payments	22	3,505	4,184
Payments to Indigenous interests	22	11,918	14,223
Total Government and other royalties		15,423	18,407
Financing costs			
Other parties		1,219	1,465
Unwinding of discount (rehabilitation provision)		28,082	30,937
Total Financing Costs		29,301	32,402
Doubtful debts expense		(43)	(91)
Net loss on disposal of property, plant & equipment		-	783
Net foreign exchange loss/(gain)		58	(146)
Rental expense relating to operating leases		7,097	7,667
Research and development expenditure		22,790	28,013
Total exploration and evaluation expenditure (including Ranger 3 Deeps exploration decline)		83,205	66,186
Expenditure related to plant recommissioning		14,227	-
Defined contribution superannuation expense		5,795	6,240

5 Income tax expense/(benefit)

	2014 $'000	2013 $'000
INCOME TAX EXPENSE/(BENEFIT)		
Current tax	-	-
Deferred tax	(85,814)	(50,937)
Under/(over) provided in prior years	12	225
Income tax expense/(benefit)	(85,802)	(50,712)
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (Note 14B)	(70,641)	(48,197)
(Decrease)/increase in deferred tax liabilities (Note 14A)	(15,173)	(2,740)
Deferred tax	(85,814)	(50,937)
RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Operating loss before income tax	(273,602)	(186,541)
Tax at the Australian tax rate of 30% (2013 – 30%)	(82,081)	(55,962)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax concession	(2,278)	(2,801)
Amortisation	9,261	22,283
Rehabilitation expenditure	(10,721)	(14,464)
Other items	5	7
Income tax under/(over) provided in prior years	12	225
Income tax expense/(benefit)	(85,802)	(50,712)
AMOUNTS RECOGNISED DIRECTLY IN EQUITY		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity		
Net deferred tax asset (Note 14B)	72	(29)

6 Dividends

Dividends paid or declared

No dividends have been paid or declared for the year ended 31 December 2014 (2013: nil).

Dividends franking account

	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 – 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.

7 Cash and cash equivalents

	2014 $'000	2013 $'000
CURRENT		
Cash at bank and in hand	6,188	3,294
Deposits at call	287,130	353,914
Cash and cash equivalents	293,318	357,208

Cash at bank/Deposits at call

Cash assets and deposits bear floating interest rates between 0.0 per cent and 2.8 per cent (2013 – 0.0 per cent and 3.3 per cent).

Interest rate risk exposure

The Company's exposure to interest rate risk is discussed in Note 28.

8 Trade and other receivables

	2014 $'000	2013 $'000
CURRENT		
Trade debtors	9,222	12,188
Other debtors	2,016	7,968
Provision for impairment	(6)	(49)
Net other debtors	2,010	7,919
Trade and other receivables	11,232	20,107

Impairment of receivables

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

Other receivables 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 28.

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 28 for more information on the financial risk management policy of the Company.

9 Inventories – current

	2014 $'000	2013 $'000
Stores and spares	19,787	23,730
Ore stockpiles at cost	35,835	27,721
Work in progress at cost	-	2,602
Work in progress at net realisable value	710	-
Finished product U_3O_8 at net realisable value	90,227	194,469
Total current Inventory	146,559	248,522

Inventory expense

Obsolescence of inventory provided for and recognised as an expense during the year ended 31 December 2014 amounted to nil (2013: $426,427).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 31 December 2014 amounted to $47,605,931 (2013 - $21,331,679). This resulted from high non-cash costs and low 2014 production. The expense has been included in 'Changes in inventories' in the statement of comprehensive income.

10 Other assets

	2014 $'000	2013 $'000
Prepayments	1,392	2,305

11 Inventories – non-current

	2014 $'000	2013 $'000
Ore stockpiles at cost	85,728	112,584

12 Undeveloped properties

	2014 $'000	2013 $'000
Jabiluka: Long-term care and maintenance development project		
Balance brought forward	203,632	203,632
Amount capitalised during the year	-	-
Total undeveloped properties	203,632	203,632

Undeveloped properties are considered an asset not yet ready for use. The recoverable amount of the undeveloped properties is determined using the fair value less cost to sell method.

Fair value less cost to sell has been determined using a discounted cash flow model. Key assumptions to which the model is most sensitive include:

- uranium prices;
- foreign exchange rates;
- production and capital costs;
- discount rate; and
- ore reserves and mineral resources.

In determining the value assigned to each key assumption, management has used external sources of information and has utilised the expertise of external consultants to validate entity-specific assumptions such as costs, production techniques and mineral reserves.

Further, the Company's cash flow forecasts are based on estimates of future uranium prices, which assume market prices will revert to the Company's assessment of the long term average price, generally over a period of three to five years.

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.

The Jabiluka Mineral Lease is currently in long-term care and maintenance. The Company has agreed that future mining development will not occur without the consent of the Mirarr Traditional Owners. There is no guarantee that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed.

The discount rate applied to the future cash flow forecasts represent 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.

13 Property, plant and equipment

	MINE LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MINE PROPERTIES $'000	REHABILITATION $'000	TOTAL $'000
YEAR ENDED 31 DECEMBER 2014					
Opening net book amount	9,994	367,884	21,234	131,234	530,346
Additions	-	11,590	-	-	11,590
Disposals	(324)	(635)	-	-	(959)
Change in estimate	-	-	-	(62,515)	(62,515)
Transfers	-	-	-	-	-
Depreciation/amortisation charge	(2,176)	(82,165)	(4,766)	(30,870)	(119,977)
Closing net book amount	7,494	296,674	16,468	37,849	358,485
Cost	110,845	1,150,001	421,700	334,396	2,016,942
Accumulated depreciation/amortisation	(103,351)	(853,327)	(405,232)	(296,547)	(1,658,457)
Net book amount	7,494	296,674	16,468	37,849	358,485
YEAR ENDED 31 DECEMBER 2013					
Opening net book amount	14,699	416,648	35,307	199,513	666,167
Additions	-	91,133	-	-	91,133
Disposals	-	(783)	-	-	(783)
Change in estimate	-	-	-	5,998	5,998
Transfers	85	(85)	-	-	-
Depreciation/amortisation charge	(4,790)	(139,029)	(14,073)	(74,277)	(232,169)
Closing net book amount	9,994	367,884	21,234	131,234	530,346
Cost	111,169	1,139,046	421,700	396,911	2,068,826
Accumulated depreciation/amortisation	(101,175)	(771,162)	(400,466)	(265,677)	(1,538,480)
Net book amount	9,994	367,884	21,234	131,234	530,346

Assets under construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	2014 $'000	2013 $'000
Plant and equipment	5,969	3,130

14 Deferred tax assets

	2014 $'000	2013 $'000
(A) DEFERRED TAX LIABILITY		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Investment in trust fund	20,025	19,188
Undeveloped properties	23,405	23,405
Inventories	22,175	39,639
Receivables	1,014	858
Other	-	122
Total deferred tax liabilities	66,619	83,212
Off-set of deferred tax asset pursuant to set-off provisions (Note 14B)	(66,619)	(83,212)
Net deferred tax liabilities	-	-
Movements		
Opening balance at 1 January	83,212	86,175
(Credited)/debited to the income statement (Note 5)	(15,173)	(2,740)
Under provided in prior years credited to the income statement	(1,420)	(223)
Closing balance at 31 December	66,619	83,212
(B) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Tax losses	127,222	70,944
Research and development tax offset	33,915	25,003
Property, plant and equipment	4,119	914
Rehabilitation	69,736	67,683
Employee provisions	4,060	4,407
Other	1,919	2,092
	240,971	171,043
Amount recognised directly in equity		
Transaction costs	719	1,438
Share benefits	(444)	(372)
Total deferred tax assets	241,246	172,109
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 14A)	(66,619)	(83,212)
Net deferred tax assets	174,627	88,897
Movements		
Opening balance at 1 January	172,109	124,330
Credited to the income statement (Note 5)	70,641	48,197
(Under)/over provided in prior years credited to the income statement	(1,432)	(447)
Credited to equity (Note 5)	(72)	29
Closing balance at 31 December	241,246	172,109

15 Investment in Trust Fund

	2014 $'000	2013 $'000
NON-CURRENT		
Trust Fund	66,751	63,960

Trust Fund

The Ranger Rehabilitation Trust Fund holds a restricted fixed term investment in the form of bank bills which mature and are reinvested periodically. The applicable weighted average interest rate for the year ended 31 December 2014 was 3.33 per cent (2013: 3.70 per cent).

16 Payables

	2014 $'000	2013 $'000
CURRENT		
Trade payables	48,870	66,271
Amounts due to related parties	5,833	4,433
Other payables	918	1,808
Total payables	55,621	72,512

17 Provisions – current

	2014 $'000	2013 $'000
CURRENT		
Employee benefits	9,345	11,535
Leach tank remediation	-	1,300
Rehabilitation	31,207	78,388
Total current provisions	40,552	91,223

Leach tank remediation

Following the failure of Leach Tank 1 on 7 December 2013, a provision for $1,300,000 was raised to cover the remaining investigation and deconstruction costs. These costs were incurred early in 2014.

Movements in provisions

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

	REHABILITATION $'000
2014	
Carrying amount at the start of the year	78,388
Payments	(56,977)
Transfer from non-current provision	9,796
Carrying amount at the end of the year	31,207

	REHABILITATION $'000
2013	
Carrying amount at the start of the year	66,227
Payments	(73,327)
Transfer from non-current provision	85,488
Carrying amount at the end of the year	78,388

18 Provisions – non-current

	2014 $'000	2013 $'000
NON-CURRENT		
Employee benefits	4,188	4,728
Rehabilitation	480,845	525,076
Carrying amount at the end of the year	485,033	529,804

Movements in provisions

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

	REHABILITATION $'000
2014	
Carrying amount at the start of the year	525,076
Change in estimate	(74,242)
Unwinding of discount	28,082
Additional provisions recognised	11,725
Transfer to current provision	(9,796)
Carrying amount at the end of the year	480,845

	REHABILITATION $'000
2013	
Carrying amount at the start of the year	573,629
Change in estimate	127
Unwinding of discount	30,937
Additional provisions recognised	5,871
Transfer to current provision	(85,488)
Carrying amount at the end of the year	525,076

19 Share capital

	2014 SHARES	2013 SHARES	2014 $'000	2013 $'000
SHARE CAPITAL				
A Class shares fully paid	517,725,062	517,725,062	706,485	706,485
Total contributed equity			706,485	706,485

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 28.

20 Reserves and retained profits

	2014 $'000	2013 $'000
RESERVES		
Share-based payments reserve	418	1,033
Capital reconstruction	389,500	389,500
Total Reserves	389,918	390,533
Movements		
Share-based payments reserve		
Balance 1 January	1,033	801
Option expense	(615)	232
Balance 31 December	418	1,033
Capital reconstruction		
Balance 1 January	389,500	389,500
Movements	-	-
Balance 31 December	389,500	389,500
RETAINED PROFITS		
Movements in retained profits were as follows:		
Opening retained earnings – 1 January	(162,996)	(27,167)
Net loss for the year	(187,800)	(135,829)
Dividends paid	-	-
Closing retained earnings/(accumulated losses) – 31 December	(350,796)	(162,996)

Nature and purpose of reserves

The 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.

21 Contingencies

Contingent liabilities

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 liabilities disclosed above.

22 Commitments

Capital commitments

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

	2014 $'000	2013 $'000
Within one year	50,051	83,242

Lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	2014 $'000	2013 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable		
Within one year	1,753	2,882
Later than one year but not later than five years	4,821	4,928
Total operating leases	6,574	7,810

The Company leases property, plant and equipment under operating leases expiring between one and four years. Some leases provide the Company with a right of renewal at which time all terms are renegotiated.

Mineral tenement leases

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

	2014 $'000	2013 $'000
Within one year	152	138
Later than one year but not later than five years	609	554
Later than five years	711	784
Total mineral tenement leases	1,472	1,476

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay an amount of $152,292 in the year ending 31 December 2015 in respect of tenement lease rentals.

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 amounts to $932,900 for 2014 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 2014: $11,918,129; 2013: $14,223,368).

(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 2014: $3,505,332; 2013: $4,183,344).

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 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 approval of the Mirarr Traditional Owners.

23 Auditor’s remuneration

During the year the auditor of the parent entity and its related practices earned the following remuneration:

	2014 $’000	2013 $’000
AUDIT SERVICES		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	310	230
Audit and review of financial reports (additiional 2013 fees)	40	-
Other services	-	-
Total remuneration of PricewaterhouseCoopers Australia	350	230

24 Related parties

Directors

The names of persons who were Directors of the Company at any time during the financial period are as follows:

Peter McMahon, Helen Garnett, Andrea Sutton, Peter Taylor, John Pegler, Helen Newell (resigned 11 June 2014), Joanne Farrell (appointed 11 June 2014) and Bruce Cox (appointed 27 November 2014).

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 compensation

	2014 $'000	2013 $'000
Short-term employee benefits	3,151	3,382
Post-employment benefits	363	363
Share-based payments	478	574
	3,992	4,319

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 63 to 81.

Loans with Directors and key management personnel

There were no loans with Directors or key management personnel during 2014 (2013: nil).

Transactions with Directors and Director-related entities

There were no transactions with Directors or Director-related entities other than Rio Tinto Limited during 2014 (2013: Nil). Details of transactions with Rio Tinto Limited 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 68.4 per cent of the issued ordinary shares of the Company. North Ltd owns 34.1 per cent directly and the remaining 34.3 per cent through its subsidiary, Peko-Wallsend Pty Ltd.

Interest income

Interest income is received from Rio Tinto Finance Ltd which holds cash on behalf of the Company.

Transactions with related parties

The following transactions occurred with related parties:

	2014 $'000	2013 $'000
Management services fees paid to ultimate parent entity:		
Rio Tinto Group Companies	1,600	1,600
Consulting fees paid to:		
Rio Tinto Group Companies	9,153	12,787
Other reimbursements for commercial services:		
Rio Tinto Group Companies	85,718	14,669
Amounts received from related parties:		
Rio Tinto Group Companies – other	245,118	49,774
Rio Tinto Group Companies – interest	1,827	2,925
Dividends paid to:		
Related parties – North Ltd	-	-
Related parties – Peko-Wallsend Pty Ltd	-	-

Consulting fees paid to Rio Tinto Group Companies relate to technical services for major projects.

Other reimbursements for commercial services include the purchase of uranium oxide at market price (2014: $66,933,276 and 2013: Nil).

Amounts received from related parties include sales of uranium oxide at market price. In April 2014, the Company entered into a marketing agreement with Rio Tinto Uranium on the basis that it represents superior value to the Company's existing marketing agreements and the alternative marketing agreements considered. Under the new marketing agreement, uranium oxide produced by the Company is sold to Rio Tinto Uranium and pooled with uranium oxide produced from the Namibian operation of Rössing Uranium Limited, 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:	2014 $'000	2013 $'000
Current assets - cash assets		
Related parties - Rio Tinto Finance Ltd	102,531	87,060
Current assets - receivables		
Related parties - Rio Tinto Group Companies	6,066	2,992
Current liabilities - creditors		
Related parties - Rio Tinto Group Companies	5,833	4,433

All related party transactions were conducted on arm's length terms and conditions and at market rates.

25 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 2014, being the mining, processing and selling of uranium. 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	
	2014 $'000	2013 $'000
Revenue from external customers	379,166	356,139
Other revenue	22,632	14,005
Total segment revenue	401,798	370,144
Segment result	(273,602)	(186,541)
Income tax benefit	85,802	50,712
Profit for the year	(187,800)	(135,829)
Segment assets	1,341,724	1,627,561
Total assets	1,341,724	1,627,561
Segment liabilities	596,117	693,539
Total liabilities	596,117	693,539
Acquisitions of non-current assets	11,590	91,133
Depreciation and amortisation expense	119,977	232,169
Net (gain) loss on sale of property, plant and equipment	(1,693)	783

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 above. 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	
	2014 $'000	2013 $'000
Asia	260,549	63,044
United States	108,569	227,215
Europe	8,461	65,609
Africa	1,376	-
Total revenue	378,955	355,868

Segment revenues are allocated based on the country in which the customer is located. During 2014 the Company entered into a new marketing agreement with Rio Tinto Uranium based in Asia. Details are disclosed in Note 24.

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 2014 are in Australia with the exception of inventories in transit or at converters of $60,084,720 (2013: $69,727,008). 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 or derivative financial instruments as at 31 December 2014.

26 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	2014 $'000	2013 $'000
Loss for the year	(187,800)	(135,829)
Add/(less) items classified as investing/financing activities:		
Net (gain)/loss on sale of non-current assets	(1,693)	783
Add/(less) non-cash items:		
Depreciation and amortisation	119,977	232,169
Non cash impairment charge	-	-
Rehabilitation provision: unwinding of discount	28,082	30,937
Employee benefits: share based payments	346	1,338
Net exchange differences	(1)	16
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	8,875	22,047
(Increase)/decrease in inventories	128,819	(14,848)
(Increase)/decrease in other assets	913	(1,789)
(Increase)/decrease in investment in trust fund	(2,791)	(1,912)
(Decrease)/increase in payables	(1,981)	(27,730)
(Increase)/decrease in net provision for deferred tax assets	(85,730)	(50,742)
(Decrease)/increase in provisions	(61,007)	(72,322)
Net cash inflow/(outflow) provided from operating activities	(53,991)	(17,882)

27 Earnings per share

	2014 CENTS	2013 CENTS
Basic earnings per share	(36.3)	(26.2)
Diluted earnings per share	(36.3)	(26.2)

Earnings used in the calculation of basic and diluted earnings per share: 2014: $(187,799,509) (2013: $(135,828,858)).
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share: 2014: 517,725,062 shares (2013: 517,725,062).

Options

Options granted to employees under the share-based payment plans are for options in Rio Tinto plc and Rio Tinto Limited. Therefore, the options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in Note 30.

28 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's business is mining and not trading. Accordingly, the Company only contracts to sell uranium that it plans to produce, however purchasing uranium for resale may be required in circumstances where actual production falls short of contractual sales volumes. The Company operates entirely in Australia and is exposed primarily to Australian dollar denominated costs. Sales are denominated in US dollars.

Market risk

Foreign exchange 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. It is not Company policy to hedge against foreign exchange risk.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2014 USD $'000	2013 USD $'000
Trade receivables	5,259	10,873
Trade payables	466	283

Group sensitivity

At 31 December 2014, 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 effected post-tax profit for the year by $499,098 higher/lower (2013: $853,185 higher/lower).

At 31 December 2014, 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 post-tax profit for the year by $39,805 higher/lower (2013: $20,634 higher/lower).

Commodity price risk

In the absence of uranium being traded on global futures exchanges, 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 Ranger Rehabilitation Trust Fund.

Credit risk

The Company has no significant concentrations of 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. Derivative counterparties, cash transactions and cash invested through the Ranger Rehabilitation Trust Fund are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

	2014 $'000	2013 $'000
TRADE RECEIVABLES		
AA	-	-
A	9,222	-
BBB	-	12,188
Other	-	-

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 Company does not have a target debt to equity ratio, but has a policy of maintaining a flexible financing structure to be able to fund capital expenditure programmes, pay dividends and fund expansion opportunities as they arise. This policy is balanced against the desire to ensure efficiency in the debt/equity structure of the Company's balance sheet in the longer term through pro-active capital management programmes.

The future liquidity and capital requirements of the Company will depend on many factors. 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. Likewise, if Ranger 3 Deeps mine is not developed, 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. Any inability to obtain sufficient capital would have a material impact on the Company's business and financial performance.

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 access financial guarantees can be influenced by many factors including, future cash balance, cash flows and shareholder support. Guarantees are generally renewed annually. Should renewal not occur, additional cash would be required to be deposited into the Trust Fund.

The Company has plans in place to address these risks.

The Company currently has no debt and $293,317,776 of cash on hand or at call (Note 7). No debt covenants exist.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these amounts.

29 Events occurring after the reporting period

No matters or circumstances have 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.

30 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 AASB2, 'Share-based Payment', which means that AASB2 has been applied to all grants of employee share-based payments that had not vested as at 1 January 2004.

Performance Share Plan

The Performance Share Plan (PSP) was revised in 2013 with details listed in the Remuneration Report.

The fair value awards granted under the PSP have been calculated at their dates of grant using a Monte Carlo valuation model which takes into account the Total Shareholder Returns (TSR) performance conditions. No forfeitures are assumed. The awards are accounted for in accordance with the requirements applying to equity-settled sharebased payments transactions.

A summary of the status of shares granted under the share plan at 31 December 2014, 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
2014							
Rio Tinto Limited	11,843	-	49	(2,473)	(827)	8,592	1,816
Weighted average fair value at grant date	$52.36	-	$39.13	$75.81	$75.81	$43.00	$62.26
Rio Tinto plc	979	-	(405)	(430)	(144)	-	-
Weighted average fair value at grant date	£34.25	-	£31.28	£36.35	£36.35	-	-
2013							
Rio Tinto Limited	14,536	9,613	(12,306)	-	-	11,843	3,300
Weighted average fair value at grant date	$62.99	$34.52	$50.90	-	-	$52.36	$75.81
Rio Tinto plc	979	-	-	-	-	979	574
Weighted average fair value at grant date	£34.25	-	-	-	-	£34.25	£36.35

The weighted average share price at the date of exercise of rights to shares exercised during the year ended 31 December 2014 was $65.91 (2013: Nil).

The weighted average remaining contractual life of rights to shares outstanding at the end of the period was 3 years (2013: 3 years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

Share Option Plan

The Share Option Plan was discontinued in 2013 and as such no awards were made. It is policy to settle these awards in equity, although the participants at their discretion can be offered a cash alternative. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The performance conditions in relation to Total Shareholder Return (TSR) have been incorporated in the measurement of fair value for these awards by modelling the correlation between Rio Tinto's TSR and that of the index. The relationship between Rio Tinto's TSR and the index was simulated many thousands of times to derive a distribution which, in conjunction with the lattice-based option valuation model, was used to determine the fair value of the options. Expected volatilities are based on the historical volatility of Rio Tinto's share return.

A summary of the status of options granted under the plan at 31 December 2014, 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 EXERCIS-ABLE AT END OF THE YEAR
2014							
Rio Tinto Limited	7,383	-	-	(2,487)	-	4,896	4,896
Weighted average exercise price	$43.90	-	-	$32.17	-	$49.87	$49.87
Rio Tinto plc	1,186	-	(1,186)	-	-	-	-
Weighted average exercise price	£16.53	-	£16.53	-	-	-	-
2013							
Rio Tinto Limited	10,789	-	324	(3,730)	-	7,383	7,383
Weighted average exercise price	$40.01	-	$40.81	$41.70	-	$43.90	$43.90
Rio Tinto plc	1,186	-	-	-	-	1,186	1,186
Weighted average exercise price	£16.53	-	-	-	-	£16.53	£16.53

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2014 was $58.78 (2013: $65.21).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2013: 0 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Share Savings Plan

The Share Savings Plan was replaced with the myShare Savings Plan in 2013, and as such no awards were made in 2014. Awards under these plans are settled in equity and accounted for accordingly. The fair value of each award on the day of grant was estimated using a lattice-based option valuation model, including allowance for the exercise price being at a discount to market price. A summary of the status of options granted under the plan at 31 December 2014, 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
2014							
Rio Tinto Limited	20,345	-	(2,689)	(2,371)	(1,508)	13,777	4,514
Weighted average exercise price	$54.62	-	$50.18	$59.26	$58.08	$53.36	$48.73
2013							
Rio Tinto Limited	38,446	-	(1,355)	(9,082)	(7,664)	20,345	3,434
Weighted average exercise price	$54.55	-	$54.40	$48.73	$61.25	$54.62	$59.26

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2014 was $61.81 (2013: $60.85).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2 years (2013: 2 years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

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 options granted under the plan at 31 December 2014, 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
2014							
Rio Tinto Limited	7,850	8,233	(1,120)	-	(582)	14,381	-
Weighted average exercise price	$56.37	$59.63	$56.04	-	$56.34	$58.25	-
2013							
Rio Tinto Limited	-	7,901	-	-	(51)	7,850	-
Weighted average exercise price	-	$56,39	-	-	$59.06	$56.37	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2014 was nil (2013: Nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 3 years (2013: 3 years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

Management Share Plan

The Management Share Plan was introduced in 2007 and 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 share plan at 31 December 2014, 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
2014							
Rio Tinto Limited	16,001	7,460	(2,581)	(4,402)	-	16,478	-
Weighted average fair value at grant date	$61.68	$61.04	$57.31	$79.41	-	$57.35	-
Rio Tinto plc	1,060	78	-	(1,138)	-	-	-
Weighted average fair value at grant date	£40.58	£31.17	-	£39.94	-	-	-
2013							
Rio Tinto Limited	14,939	8,048	(2,069)	(4,917)	-	16,001	-
Weighted average fair value at grant date	$71.01	$53.72	$63.45	$75.03	-	$61.68	-
Rio Tinto plc	2,544	85	-	(1,569)	-	1,060	-
Weighted average fair value at grant date	£38.67	£37.30	-	£37.30	-	£40.58	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2014 was $62.53 (2013: $68.07).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was 2 years (2013: 3 years).

The model inputs for conditional rights granted during the year ended 31 December 2014 included:
(a) rights are granted for no consideration and have a three year life;
(b) exercise price: nil (2013: nil);
(c) grant date: 17 March 2014 (2013: 27 March 2013);
(d) expiry date: 20 February 2017 (2013: 14 February 2016); and
(e) share price at grant date: $61.04 (2013: $53.11).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

Bonus Deferral Plan

The Bonus Deferral Award was 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 less a small adjustment for the timing of dividends vesting. 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
2014							
Rio Tinto Limited	746	943			-	1,689	-
Weighted average fair value at grant date	$53.11	$60.35			-	$57.15	-
2013							
Rio Tinto Limited	1,265	1,149	(1,359)	(309)	-	746	-
Weighted average fair value at grant date	$69.35	$53.11	$55.57	$81.00	-	$53.11	-

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2014 was nil (2013: $65.14).

The weighted average remaining contractual life of share options outstanding at the end of the period was 4 years (2013: 4 years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as 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:

	2014 $'000	2013 $'000
Share based payment expense	418	1,338

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 90 to 126 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 2014 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.

Peter McMahon

P McMahon
Brisbane
12 February 2015

Independent Auditor's Report

pwc

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

Report on the financial report

We have audited the accompanying financial report of Energy Resources of Australia Ltd (the company), which comprises the balance sheet as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Independent Auditor's Report

Auditor's opinion
In our opinion:

1. the financial report of Energy Resources of Australia Ltd is in accordance with the *Corporations Act 2001,* including:

    2. giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

    3. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

4. the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 63 to 81 of the directors' report for the year ended 31 December 2014. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of Energy Resources of Australia Ltd for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
12 February 2015

Shareholder Information

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 12 February 2015. The Directors have the power to amend and reissue the financial statements.

The shareholder information set out below was applicable as at 31 January 2014.

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 – 1000	7,592	52.11	2,734,358	0.53
1,001 – 5,000	4,117	28.26	10,768,889	2.08
5,001 – 10,000	1,411	9.68	10,429,701	2.01
10,001 – 100,000	1,369	9.40	35,156,484	6.79
100,001 and over	80	0.55	458,635,630	88.59
	14,569	100.00	517,725,062	100.00

There were 4,613 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	NUMBER OF SHARES	% OF ISSUED SHARES
Peko Wallsend Ltd	177,535,718	34.29
North Limited	176,543,136	34.10
HSBC Custody Nominees (Australia) Limited	52,414,925	10.12
Citicorp Nominees Pty Limited	12,986,956	2.51
HSBC Custody Nominees (Australia) Limited	9,358,479	1.81
JP Morgan Nominees Australia Limited	8,853,218	1.71
HSBC Custody Nominees (Australia) Limited	2,632,600	0.51
QIC Limited	1,597,449	0.31
National Nominees Limited	1,092,899	0.21
Boda Investments Pty Ltd	868,572	0.17
BNP Paribas Noms Pty Ltd	739,753	0.14
Ganra Pty Ltd	651,429	0.13
John E Gill Trading Pty Ltd	531,000	0.10
Ariki Investments Pty Limited	500,000	0.10
Burleigh Heads Holdings Pty Ltd	475,000	0.09
Ariki Investments Pty Limited	400,000	0.08
Pages Super Pty Ltd	400,000	0.08
UBS Nominees Pty Ltd	393,890	0.08
ABN Amro Clearing Sydney Nominees Pty Ltd	328,073	0.06
CS Fourth Nominees Pty Ltd	310,297	0.06

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.

Annual General Meeting

The next Annual General Meeting will be held at 9:30am on Tuesday 14 April 2015 in Darwin, Northern Territory, Australia.

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
117 Victoria Street
West End QLD 4101
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.

2014 ASX Announcements

27 Nov 2014	Appointment of Director
19 Nov 2014	Ranger 3 Deeps Eighth Exploration Result
22 Oct 2014	Final Report into Ranger Leach Tank
16 Oct 2014	Further Underground Drilling Results
09 Oct 2014	September 2014 Quarter Operations Review
03 Oct 2014	ERA Progresses Ranger 3 Deeps Approvals
02 Oct 2014	Ranger 3 Deeps Further Underground Drilling Results
17 Sep 2014	Ranger 3 Deeps Updated Resource Model
18 Aug 2014	Carbon Tax Substantiation Statement
13 Aug 2014	Ranger 3 Deeps Exploration Drilling Results
01 Aug 2014	ERA Financial Community Presentation
31 Jul 2014	Interim Report 30 June 2014
31 Jul 2014	June 2014 Half Year Results
31 Jul 2014	Continuous Disclosure Policy
10 Jul 2014	June 2014 Quarter Operations Review
20 Jun 2014	Ranger 3 Deeps Resource Update
11 Jun 2014	Resignation and Appointment of Directors
05 Jun 2014	Ranger Processing Plant Restart Approved
05 Jun 2014	Update on Restart of Processing Operations
27 May 2014	Change of Company Secretary
25 May 2014	May 2014 Investor Presentation
16 May 2014	Ranger 3 Deeps Fourth Exploration Results
10 May 2014	Work on Underground Ventilation Shaft Temporarily Halted
30 Apr 2014	New Marketing Agreement
30 Apr 2014	CFO Announcement
09 Apr 2014	2014 Annual General Meeting Results of Voting
09 Apr 2014	2014 Annual General Meeting Chief Executive’s Address
09 Apr 2014	2014 Annual General Meeting Chairman’s Address
09 Apr 2014	Ranger Leach Tank Recovery Update on Restart of Processing Operations
08 Apr 2014	March 2014 Quarterly Operations Review
27 Mar 2014	Ranger Leach Tank Recovery Update
20 Mar 2014	Independent Surface Water Working Group Review of Surface Water Management
17 Mar 2014	Resignation of CFO and Company Secretary
04 Mar 2014	Drilling Results Addendum
21 Feb 2014	ERA Water Management Schematics
31 Jan 2014	Financial Presentation Full Year Results
31 Jan 2014	ERA Full Year Results Presentation
30 Jan 2014	Annual Statement of Reserves and Resources
30 Jan 2014	Preliminary Final Report - Appendix 4E
30 Jan 2014	ERA Full Year Results 2013
09 Jan 2014	December 2013 Quarter Operations Review

Details of these announcements are available at *www.energyres.com.au*.

Ten Year Performance

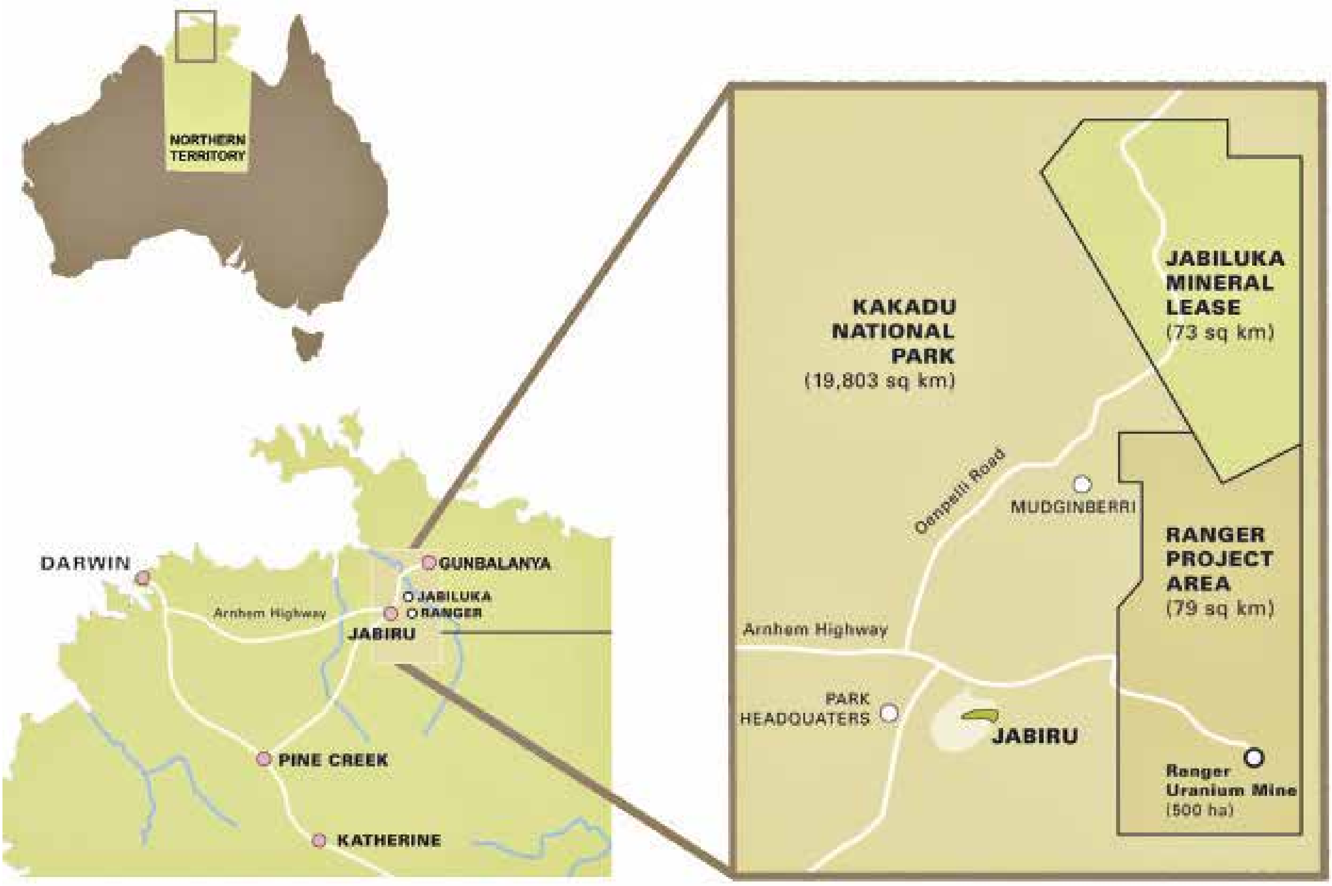
YEAR ENDED 31 DECEMBER	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Sales Revenue ($000)	379,166	356,139	396,629	651,381	572,283	768,297	496,359	357,080	312,698	262,036
Earnings Before Interest and Tax ($000)	(284,274)	(199,431)	(278,266)	(220,633)	47,726	374,737	317,957	108,012	68,745	65,452
Profit/(Loss) Before Tax ($000)	(273,602)	(186,541)	(254,785)	(206,340)	59,427	382,053	312,569	98,366	62,247	59,620
Income Tax Expense/ (Benefit) ($000)	(85,802)	(50,712)	(36,026)	(52,741)	12,423	109,479	90,784	22,277	18,640	18,554
Profit/(Loss) After Tax ($000)	(187,800)	(135,829)	(218,759)	(153,599)	47,004	272,574	221,785	76,089	43,607	41,066
Total Assets ($000)	1,341,724	1,627,561	1,826,275	1,948,972	1,423,396	1,359,131	1,170,409	985,353	869,350	864,162
Shareholders' Equity ($000)	745,607	934,022	1,069,619	1,288,536	951,076	966,574	758,926	606,021	552,491	539,764
Long Term Debt ($000)	-	-	-	-	-	-	-	-	-	-
Current Ratio	4.1	3.8	4.0	7.1	3.4	3.1	1.5	1.8	3.6	3.8
Liquid Ratio	2.7	2.3	2.9	6.0	2.1	2.2	0.8	1.0	2.1	2.3
Gearing Ratio (%)	-	-	-	-	-	-	-	-	-	-
Interest Cover (times)	-	-	(156.7)	(177.9)	47.8	33.5	5.6	7.79	6.3	6.5
Return on Shareholders' Equity (%)	(25.2)	(14.5)	(20.5)	(11.9)	4.9	31.6	29.2	13.1	8.0	7.6
Earnings Per Share (cents)	(36.3)	(26.2)	(42.3)	(29.7)[1]	24.6	142.9	116.3	39.9	22.9	21.5
Dividends Per Share (cents)	-	-	-	-	8.0	39.0	28.0	20.0	17.0	17.0
Payout Ratio (%)	-	-	-	-	32	27	24	28	74	80
Share Price ($) closing	1.30	1.26	1.27	1.23	11.13	23.89	19.00	19.50	20.80	10.02
Price-Earning Ratio	(3.58)	(4.81)	(3.00)	(2.54)	45.24	16.72	16.34	48.88	90.98	47.70
Dividend Yield (%)	-	-	-	-	2.96	1.42	1.47	1.03	0.82	1.70
Net Tangible Assets per Share ($)	1.44	1.80	2.07	2.49	4.99	5.07	3.98	3.20	2.90	2.80
No. of Employees	389	519	594	567	523	521	519	419	385	354
Profit After Tax per Employee ($000)	(482.8)	(264.8)	(374.5)	(270.9)	89.87	523.17	427.33	181.6	113.3	116.0
Ore Mined (million tonnes)	-	-	3.8	1.2	1.4	2.2	3.5	2.9	3.3	2.2
Ore Milled (million tonnes)	1.3	2.3	2.6	1.6	2.4	2.3	2.0	1.9	2.0	2.3
Mill Head Grade (% U_3O_8)	0.11	0.15	0.17	0.18	0.19	0.26	0.30	0.31	0.26	0.29
Mill Recovery (%)	81.5	84.8	86.2	87.9	87.2	88.3	88.2	88.2	87.5	88.3
Production (tonnes U_3O_8) – Drummed	1,165	2,960	3,710	2,641	3,793	5,240	5,339	5,412	4,748	5,910
Sales – Ranger Concentrates (tonnes U_3O_8)	2,164	2,767	2,665	3,258	4,373	5,497	5,272	5,324	5,760	5,552
Sales – Other Concentrates (tonnes U_3O_8)	984	48	558	1,908	653	–	–	–	–	136
Sales – Total (tonnes U_3O_8)	3,148	2,815	3,223	5,167	5,026	5,497	5,272	5,324	5,760	5,688

Note 1 Post rights issue

Definition of statistical ratios

Current Ratio	=	current assets/current liabilities
Liquid Ratio foreign exchange	=	(current assets-inventory-prepayments-foreign exchange hedge asset on borrowings)/(current liabilities-bank overdraft – 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

Index



Head Office

Level 3, Energy House
18-20 Cavenagh Street
GPO Box 2394
Darwin NT 0801
Tel: +61 (0) 8 8924 3500
Fax: +61 (0) 8 8924 3555
www.energyres.com.au

Ranger Mine

Locked Bag 1
Jabiru NT 0886

Registered Office

Energy Resources of Australia Ltd
c/ Mallesons Stephen Jacques
Level 5, NICTA Building B
7 London Circuit
Canberra City ACT 2601

This page has been left blank intentionally


Strong cash position maintained
Reduction in employee numbers with end of Pit 3 initial backfill
Implemented process safety improvement action plan