



ASX Announcement

30 July 2015

ERA ANNOUNCES JUNE 2015 HALF YEAR RESULTS

- Cash flow from operating activities of \$14 million, an increase of \$44 million compared to the first half in 2014.
- Net loss after tax for the half was \$255 million (including a non-cash charge of \$197 million for the write down of deferred tax assets), compared to a loss of \$127 million in the first half in 2014.
- Ranger 3 Deeps project will not proceed to Final Feasibility Study in the current operating environment.
- Uranium oxide production for the period was 879 tonnes.
- Average realised sales price of uranium oxide of US\$49.14 for the first half of 2015.

				June 2015 \$000	June 2014 \$000
Cash flow from operating activities	Up	147%	to	14,127	(30,221)
Revenue from sales of uranium oxide	Up	2%	to	174,413	171,629
Revenue from ordinary activities	Up	4%	to	185,799	177,985
Loss from ordinary activities before tax attributable to members	Up	69%	to	(58,667)	(190,727)
Loss from ordinary activities after tax attributable to members	Down	101%	to	(255,339)	(127,201)
Net loss for the period attributable to members	Down	101%	to	(255,339)	(127,201)
Earnings per share (cents)	Down	101%	to	(49.3)	(24.6)



ERA

Review of operations

ERA generated positive cash flow from operating activities of \$14.1 million for the half-year ended 30 June 2015. This compares to a cash out flow of \$30.2 million for the half-year ended 30 June 2014. This improvement is the result of a focus on maximising cash flow from the production of uranium oxide from stockpiled ore, together with lower expenditure on exploration, evaluation and rehabilitation activities. ERA's net loss before tax was significantly improved at \$58.7 million compared to \$190.7 million in the half-year ended 30 June 2014.

ERA's net loss after tax for the half-year ended 30 June 2015 was \$255.3 million compared with a net loss of \$127.2 million for the same period in 2014. The net loss after tax for the half-year included a non-cash charge for the write-down of ERA's deferred tax asset of \$196.7 million. Following ERA's announcement on 11 June 2015 that the Ranger 3 Deeps project will not proceed to Final Feasibility Study in the current operating environment, the Company considered that the criteria under Australian Accounting Standards for the recoverability of carried forward tax losses were no longer satisfied. As the write down is a non-cash item, it does not have any impact on cash flow or ERA's existing operations, nor will it impact the availability of tax losses in future periods.

Uranium oxide production for the period was 879 tonnes. This compares to zero uranium oxide production for the 2014 half-year (due to the suspension of processing operations following the failure of Leach Tank 1 on 7 December 2013).

Revenues from sales of uranium oxide remained stable, with \$174.4 million for the period compared to \$171.6 million for the June 2014 half-year. A decrease in sales volume was offset by marginally higher realised sales prices as well as by a weaker Australian/US dollar exchange rate.

Sales volume for the period was 1,245 tonnes, compared to 1,524 tonnes for the June 2014 half-year. Forecast sales in the second half of 2015 are expected to be broadly aligned to the first half of 2015.

The average realised sales price of uranium oxide for the June 2015 half-year was US\$49.14 per pound compared with US\$46.65 per pound for the corresponding period in 2014. For the 2015 half-year, the average long-term uranium price indicator was US\$48.50 per pound and the average spot price was US\$37.33 per pound, compared to US\$46.75 per pound and US\$31.95 per pound, respectively, for the same period in 2014.

As sales of uranium oxide are denominated in US dollars, the weakening of the Australian dollar has had a favourable impact on revenue when compared to 2014. The average Australian/US dollar exchange rate for the first half of 2015 was US77 cents compared to US91 cents in the first half of 2014.

Cash costs for the June 2015 half-year were substantially lower than the corresponding period in 2014. Reduced expenditure on purchased uranium oxide, which was required whilst operations were suspended in the first half of 2014, and reduction in expenditure on the Ranger 3 Deeps project were partially offset by higher expenditure on raw materials and consumables used in production.

Higher non-cash costs in the half-year to 30 June 2015 resulted from a full half-year of production.

Capital expenditure for the June 2015 half-year was \$7.4 million compared to \$5.9 million in the corresponding period in 2014. Capital expenditure in the June 2015 half-year relates to sustaining capital activities and construction of infrastructure associated with the Tailings and Brine Management system.



ERA

ERA had total cash at hand of \$300 million at 30 June 2015 compared to \$293 million on 31 December 2014.

Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued during the first half of 2015. The dredging and maintenance vessels designed to transfer tailings from the Tailings Storage Facility to Pit 3 for final deposition have been transported to Ranger mine site with commissioning scheduled for the September 2015 quarter.

ERA and its major shareholder, Rio Tinto, are engaged in discussions regarding a conditional credit facility to assist ERA to fund its rehabilitation program, should additional funding ultimately be required. The facility remains subject to negotiation between ERA and Rio Tinto.

Since the start of 2012 ERA has spent \$392 million on rehabilitation and water treatment projects for the Ranger and Jabiluka sites.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2015. ERA suspended the final stage of the Ranger Project Area surface exploration program in 2015 in order to conserve cash.

Ranger 3 Deeps

On 11 June 2015 ERA announced that the Ranger 3 Deeps project would not proceed to Final Feasibility Study in the current operating environment. The decision was driven primarily by two key factors. First, the Board's view that the uranium market had not improved as ERA previously expected and there was uncertainty regarding the uranium market's direction in the immediate future. Secondly, having finalised and considered the Prefeasibility Study, the economics of the project required operations beyond the current Ranger Authority, which expires in 2021.

Discussions are continuing with the Northern Territory and Commonwealth Governments and the representatives of the Mirarr Traditional Owners regarding an extension to the Ranger Authority. ERA will continue to conserve cash until it has greater certainty in relation to the Authority extension. This will allow ERA to revisit the project's economics over time.

ERA announced on 10 July 2015 that it had updated the Ranger 3 Deeps mineral resource estimate as part of the Ranger 3 Deeps Prefeasibility Study.

The updated estimate has increased the mineral resource to 19.58 million tonnes with a change in the overall grade to 0.224 %U₃O₈ equating to 43,858 tonnes of contained uranium oxide. This compares to the previously reported resource estimate of 12.2 million tonnes at 0.285 %U₃O₈ equating to 34,761 tonnes of contained uranium oxide.

Economic assumptions relating to the cut-off grade of the mineral resource have been updated in line with the Prefeasibility Study assumptions. This has resulted in an improved mineral resource cut-off grade of 0.11 %U₃O₈ compared with the previously reported cut-off grade of 0.15 %U₃O₈.

The Ranger 3 Deeps geological model has been updated with all underground drilling data acquired to date. All estimation domains, including major faults and geological contacts, have been re-interpreted and refined based on the latest drilling data and appropriate adjustments to the mineral resource statement have been completed. There have been updates to the Measured, Indicated and Inferred categories of the resource estimate when compared to the previous resource estimate.



ERA

Dividends

ERA has decided not to declare an interim dividend in respect of the 2015 half-year. No final dividend was paid in respect to the 2014 financial year.

Outlook

In the near term, the uranium market remains challenging for producers. Spot prices have remained weak in the first half of 2015 as a result of oversupply in the market. The first restarts of nuclear generating units in Japan are anticipated to occur in the second half of 2015. If restarts occur, this may provide support to the near term outlook for uranium demand. At 30 June 2015, the spot price was US\$36 per pound, whilst the long-term price indicator was US\$46 per pound. The level of activity in the long term market is expected to remain low, as it was in 2014.

Whilst the price recovery continues to be slow, in part due to the delay in reactor restarts in Japan, the long term outlook is more favourable. Demand, particularly from construction of new generation capacity in China, is expected to exceed supply by the end of this decade.

Competent Person

The information in this announcement that relates to the Ranger 3 Deeps resource is sourced from ERA's announcement titled "Ranger 3 Deeps Resource Update" which was released to the market on 10 July 2015 and which can be found at: <http://www.asx.com.au/asxpdf/20150710/pdf/42zqzvx5cjyjq.pdf>. The Competent Person for the release was geologist Greg Rogers. Neither the resource statement nor the underlying resource model has changed since the above estimated mineral resource was disclosed to ASX. ERA is not aware of any new information or data beyond the updates already provided to ASX that materially affects the mineral resource estimate.

All material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. ERA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.



ERA

About Energy Resources of Australia Ltd

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

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for three decades. Ranger mine is one of only three mines in the world to produce in excess of 110,000 tonnes of uranium oxide.

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

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

For further information, please contact:

Media Relations

Candice Sgroi
Office: +61 (0) 8 8924 3514
Mobile: +61 (0) 476 807 502
Email: candice.sgroi@era.riotinto.com

Investor Relations

Rachel Storrs
Office: +61 (0) 3 9283 3628
Mobile: +61 (0) 417 401 018
Email: rachel.storrs@riotinto.com

Website: www.energyres.com.au
Twitter: Follow @ERARangerMine on Twitter