**ERA****Energy Resources of Australia Ltd**

ABN 71 008 550 865

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**Media Release and  
ASX Announcement**

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30 July 2010

**HALF- YEAR RESULTS 2010**

	Half-Year ended 30 June 2010	Half-Year ended 30 June 2009	Change
Revenue – sales of uranium oxide (\$ million)	209.6	336.1	-38%
Revenue – total (\$ million)	217.7	347.0	-37%
Earnings before interest and tax (\$ million)	24.3	176.1	-86%
Net profit after tax (\$ million)	22.7	127.6	-82%
Interim dividend (cents per share)	8.0	14.0	-43%
Uranium oxide			
- production (tonnes drummed)	1,717	2,695	-36%
- production (thousand pounds drummed)	3,786	5,942	
Uranium oxide			
- sales (tonnes)	1,892	2,280	-17%
- sales (thousand pounds)	4,171	5,025	

**Review of operations**

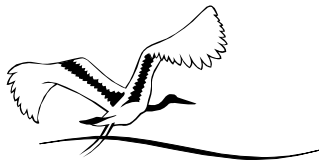
ERA's net profit after tax and underlying earnings for the half year ended 30 June 2010 was \$22.7 million compared with \$127.6 million for the same period in 2009. Earnings before interest and tax (EBIT) were \$24.3 million compared with \$176.1 million for the corresponding period in 2009.

Total revenues for the period were \$217.7 million compared with \$347.0 million in the June 2009 half year. Revenues from sales of uranium oxide declined to \$209.6 million, from \$336.1 million in the June 2009 half year.

Sales volume was lower for the period at 1,892 tonnes compared with the June 2009 half year of 2,280 tonnes. Sales will be heavily weighted towards the second half of the year.

ERA's average realised sales price is only partially influenced by current market prices due to its diversified and long term sales contract portfolio. The average realised sales price of uranium oxide for the six months to June 2010 was US\$44.79 per pound compared with US\$48.02 per pound for the corresponding period in 2009. This change is largely attributable to first half deliveries under a lower priced legacy contract, which is now at an end. On 30 June 2010, the average long term market price for uranium oxide was US\$59 per pound and the average spot price was US\$41.75 per pound.

Total revenues were also impacted by the strengthening of the Australian dollar. The average A\$:US\$ exchange rate for the first half of the year increased by 24 per cent to US89.1 cents in 2010 (June 2009: US71.8 cents), which negatively impacted ERA revenues by approximately \$50 million.



Uranium oxide production for the June 2010 half year of 1,717 tonnes was 36 per cent lower than the corresponding period in 2009 (2,695 tonnes). This decrease was primarily due to a reduction of 48% in mill head grade to 0.15% uranium oxide in the first half of 2010 (June 2009: mill head grade 0.29 per cent uranium oxide). The significant decline in mill head grade was mainly due to issues with mine sequencing due to the removal of material from a localised area of instability on the South Wall of the pit, exacerbated by delayed access to high grade ore located at the bottom of the pit following higher than normal rainfall late in the wet season. The favourable impacts from strong plant operation in both utilisation and recovery, combined with a favourable contribution of the laterite processing plant, helped to mitigate the impact of the lower grades of ore processed.

As previously communicated, in the first half of 2010 ERA incurred higher expenditure on scheduled cyclical maintenance on the mining fleet and higher expenditure on development projects, despite some minor delays in the proposed heap leach facility feasibility study. This was partially offset by the implementation of a cost saving program which generated substantial savings during the first half of 2010, predominantly in raw materials, consumables and statutory and corporate costs. In line with the decrease in revenues when compared with 2009, Government royalties, shipping costs and the depreciation and amortisation expense also decreased.

### **Exploration and Evaluation**

Work continues on the feasibility study for the proposed heap leach facility at the Ranger mine. The draft Environmental Impact Statement (EIS) is expected to be submitted in the second half of 2010. Additional consultation with community and regulatory stakeholders will also be conducted. The formal environmental assessment process under the Northern Territory and the Commonwealth regulations is likely to be completed in the first half of 2011.

Separate studies are advancing regarding the Ranger 3 Deeps resource (10 million tonnes of mineralised material at an average grade of 0.34 per cent uranium oxide), including the development of an exploration decline to conduct close spaced underground exploration drilling to further evaluate the extent and continuity of the resource. These studies are currently being finalised, with a final decision on the exploration decline expected during the third quarter of 2010.

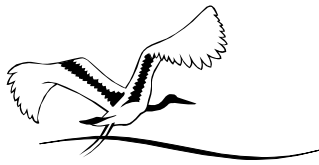
Total evaluation expenditure to the end of June 2010 was \$17.2 million, compared with \$10.3 million in the corresponding period in 2009. These expenditures have been expensed.

ERA resumed its exploration program on the Ranger lease, after a delayed start up due to record rain in April, with 8 drill holes completed as of the end of June 2010, for a total of 3,883 metres. Year-to-date exploration expenditure was \$1.0 million for 2010 compared with \$3.7 million in 2009.

### **Dividends**

The ERA directors have declared an interim dividend in respect of the 2010 financial year of 8 cents per share (fully franked at 30 per cent). This compares to the interim dividend of 14 cents per share declared in July 2009 in respect of the 2009 financial year and 8 cents per share declared in 2008. The 2009 interim dividend represented a significant increase on the company's historical trend to reflect the record performance of the Company during 2009. The ex-dividend date will be Monday 9 August 2010. The dividend will be paid to shareholders on the register at the close of business on Friday 13 August 2010, and it will be paid on Friday 27 August 2010.

ERA directors declared a final dividend of 25 cents per share for the 2009 financial year. This dividend was paid on 5 March 2010, bringing the total dividends paid to shareholders for the 2009 financial year to 39 cents per share, fully franked at 30 per cent.



## Outlook

Due to delayed access to higher grade ore, production of uranium oxide for 2010 is now expected to be between 4,300 and 4,700 tonnes. Previously, ERA had indicated that production of uranium oxide in 2010 was expected to be broadly similar to 2009 (5,240 tonnes).

Sales volume is expected to be somewhat in excess of 5,000 tonnes, with commitments met by way of inventory management, flexibility of timing of shipments to customers and a small volume of market purchases. As previously communicated, the average realised sales price (per pound of uranium oxide) for the full 2010 year is expected to remain broadly similar to 2009. The strength of the A\$:US\$ exchange rate will continue to have a significant impact on Australian dollar equivalent revenues during the second half of 2010, noting that the average A\$:US\$ exchange rate for the 2009 year was US80.5 cents.

In the short term, the uranium market appears to be well supplied due to adequate inventory coverage held by utilities along with increased production, especially from Kazakhstan. Moreover, the global financial crisis has led to delays in nuclear reactor builds in most regions other than China. This situation could result in spot prices remaining around the current levels for the remainder of this year and possibly beyond. However, in the long term, the decline of secondary supplies, the challenges of bringing on new higher-cost primary supply and growth in demand, mainly from China, should result in higher spot and term prices.

## Contacts:

Media enquiries: Jane Hart – +61 (0)8 8924 3589, mobile +61 (0)419 972 784  
Investor enquiries: Dave Skinner – +61 (0)3 9283 3628.

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