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**Media Release and  
ASX Announcement**

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13 October 2010

**September 2010 Quarter Operations Review** (unaudited)

	<b>Q3 '10</b>	<b>vs Q3 '09</b>	<b>vs Q2 '10</b>	<b>9 mths '10</b>	<b>vs 9 mths '09</b>
Total material mined ('000 tonnes)	3,008	-43%	19%	7,342	-52%
Ore mined ('000 tonnes)	427	-56%	278%	705	-64%
Ore milled ('000 tonnes)	580	2%	-13%	1,845	11%
Mill head grade (% uranium oxide)	0.18	-38%	29%	0.16	-45%
Mill recovery (%)	86.7	-2%	-1%	88.1	----%
Production – uranium oxide					
- tonnes	911	-35%	10%	2,628	-36%
- 000 lbs	2,008			5,794	

Uranium oxide production by Energy Resources of Australia Ltd (ERA) for the September 2010 quarter was 10 per cent higher than the previous quarter and 35 per cent lower than the corresponding period in 2009. Mill head grade has improved compared with the June 2010 quarter but remains significantly below 2009 levels. Strong plant performance continued with mill recovery only slightly below both the previous quarter and the corresponding quarter of 2009. Year to date mill recovery remains in line with 2009. During the quarter, the replacement of the calciner was successfully completed and well within schedule.

Total material mined for the September 2010 quarter was 19 per cent higher than the June 2010 quarter and 43 per cent lower than the June 2009 quarter. Ore mined was higher than the previous quarter, but remains lower than 2009. During the September quarter, mining activity resumed at the bottom of the pit after a prolonged wet season. Work was also completed on removing the area of instability located on the south wall of the pit.

**OUTLOOK**

As a direct result of the mined ore grade in the September quarter being lower than expected, ERA now anticipates 2010 uranium oxide production to be in the vicinity of 3,900 tonnes, down from 4,300 to 4,700 tonnes as previously communicated. Additional supply requirements necessary to meet 2010 sales commitments, anticipated to be around 5,000 tonnes, will be mostly covered by purchases. This is expected to adversely impact ERA's 2010 earnings as the small price margin associated with the sale of the purchased material is more than offset by the on-going costs of operation.



## EXPLORATION AND EVALUATION

Work has continued on the feasibility study for the proposed heap leach facility at the Ranger mine. Preparation of ERA's draft Environmental Impact Statement for the proposed heap leach facility continues with additional consultation presently being undertaken with community stakeholders. The formal environmental assessment process under the Northern Territory and the Commonwealth regulations is likely to be completed in the first half of 2011.

The study for the development of an exploration decline to conduct close spaced underground exploration drilling of the Ranger 3 Deeps resource has been completed. A proposal to develop the exploration decline is in the final stages of ERA's approval process with a final decision expected in the coming months.

Total evaluation expenditure during the June 2010 quarter was \$5.6 million, compared with \$7 million in the September 2009 quarter (\$22.8 million for the nine months ended September 2010).

As a result of lower than anticipated mined ore grades, ERA is conducting an infill drilling program in the lower benches of the current pit in order to improve the confidence in the quality and volume of ore expected to be mined for the remainder of the mine life. This work is underway and will be completed in the coming weeks.

ERA continued its exploration drilling program on the Ranger lease during the September quarter with a total of 11,081 meters drilled. Exploration focused on targets within the immediate surrounds of the Ranger operations. Drilling of the Georgetown structure south of Ranger 3 Deeps highlighted mineralisation which will require further drilling. Total exploration expenditure for the September 2010 quarter was \$2.8 million compared with \$1.0 million in the June quarter. Year to date expenditure is \$3.8 million compared with \$5.2 million in the corresponding period in 2009.

**Competent Person** The information in this report relating to exploration results is based on information compiled by Greg Rogers, who is a member of the Australasian Institute of Mining and Metallurgy. Greg Rogers is a full-time employee of the company and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Greg Rogers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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