ERA **Energy Resources of Australia Ltd**
ABN 71 008 550 865

ASX Interim report – 30 June 2011

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 31 December 2010 financial report.

Contents

Directors' Report

for the half-year ended 30 June 2011

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the consolidated financial report of the consolidated entity, being the company and its controlled entity, for the half-year ended 30 June 2011.

Directors

The Directors of the company at any time during the half-year or since the end of the financial period were:

Name	***Period of Directorship***
Dr D Klingner Chairman	Appointed Director July 2004 Appointed Chairman January 2005
Mr R Atkinson	Appointed Chief Executive and Director September 2008
Mr M Coulter	Appointed June 2010
Prof. H Garnett	Appointed January 2005
Mr J Pegler	Appointed July 2009
Mr P Taylor	Appointed February 2007

Results for announcement to the market

A summary of consolidated revenues and results for the half-year is set out below:

				June 2011 $000	**June 2010 $000**
Revenue from sales of uranium oxide	**Up**	12%	to	235,564	209,599
Revenue from continuing operations	**Up**	12%	to	244,895	217,740
Earning Before Interest, Tax, Depreciation & Amortisation	**Down**	428%	to	(166,740)	50,811
Underlying Earnings	**Down**	198%	To	(22,303)	22,676
Profit / (loss) from continuing operations after tax attributable to members	**Down**	637%	to	(121,746)	22,676
Net profit / (loss) for the period attributable to members	**Down**	637%	to	(121,746)	22,676
Earnings per share (cents)				(63.8)	11.9
Reconciliation of net earnings to underlying earnings					
Net profit / (loss) for the period attributable to members				(121,746)	22,676
Low Grade Inventory Adjustment				99,443	-
Underlying Earnings				(22,303)	22,676

These financial results have been prepared in accordance with Australian Accounting Standards. All dollars in this report are Australian dollars, unless otherwise stated.

Review of operations

ERA's operating and financial results for the June 2011 half-year were significantly impacted by the suspension of processing operations at Ranger Mine announced on 28 January 2011. The suspension was taken in response to the significantly above average 2010/11 wet season encountered in the Northern Territory.

ERA's underlying earnings for the half-year ended 30 June 2011 were a loss of $22.3 million compared with a profit of $22.7 million for the same period in 2010. The net loss for the period was $121.7 million, compared to a net profit for the June 2010 half year of $22.7 million. For the half-year ended 30 June 2011, underlying earnings differed from the net loss due to the negative impact of an inventory value adjustment related to low grade stockpiles, described in the Ore Reserves & Mineral Resources segment below.

Total revenue for the period was $244.9 million compared with $217.7 million for the June 2010 half-year. Revenue from the sale of uranium oxide in the June 2011 half-year period increased to $235.6 million, from $209.6 million for the June 2010 half-year.

Sales volume was marginally lower for the period at 1,825 tonnes, compared with the June 2010 half-year volume of 1,892 tonnes. As in previous years, 2011 sales volume will be heavily weighted towards the second half of the year.

The average realised sales price of uranium oxide for the six months to 30 June 2011 was US$60.82 per pound compared with US$44.79 per pound for the corresponding period in 2010. This change was largely attributable to an increase in the long term uranium price indicator and the completion in 2010 of a low priced legacy contract. For the 2011 half-year, the average of the long term market price indicators for uranium oxide was US$69.67 per pound and the average spot price was US$63.59 per pound.

Total revenue was also impacted by the strengthening of the Australian dollar. The average A$:US$ exchange rate for the first half of 2011 increased by 17 per cent to US103.9 cents when compared with the same period in 2010 (June 2010: US89.1 cents). This negatively impacted ERA's sales revenue for the June 2011 half year by approximately $39 million.

Mining operations were also impacted by the significantly above average wet season with the level of pond water in Pit 3 reaching a record level of in excess of 3.5 gigalitres. Partial access to the upper benches in Pit 3 was obtained in late June 2011 with mining operations able to progress deeper into the pit as the water level recedes. ERA has commissioned additional pond water treatment capacity, however, it does not expect to obtain access to the bottom of the pit, where the high grade ore is located, before the December 2011 Quarter.

Uranium oxide production for the June 2011 half-year of 601 tonnes was 65 per cent lower than the corresponding period in 2010 (June 2010: 1,717 tonnes). ERA's first half operating results were impacted by the temporary suspension of processing operations announced on 28 January 2011. Whilst initially expected to be for a period of 12 weeks, the suspension was extended on 12 April 2011 with processing operations progressively restarted on 15 June 2011.

Cash costs for the June 2011 half-year were higher than the corresponding period in 2010. During the period, ERA purchased 405 tonnes of uranium oxide for the purpose of meeting sales commitments. These costs were partially offset by savings on plant operations costs. Maintenance costs increased due to the important planned maintenance and improvement initiatives undertaken during the suspension of processing operations to improve the reliability and productivity of the processing plant. Royalties decreased as the sale of purchased uranium oxide from third parties does not attract royalties.

Depreciation significantly decreased due to the low production. This was slightly offset by the increase in finance costs due to the increase in the rehabilitation provision.

Ranger Heap Leach Facility

ERA has completed a feasibility study into the proposed Heap Leach Facility. The study demonstrated that this Heap Leach Facility was technically feasible, however the high capital costs and present economic assumptions limit its value. Further, there was uncertainty in regards to stakeholder support. Accordingly, the ERA Board has decided not to proceed with the proposed Heap Leach Facility project.

The proposed Heap Leach Facility was designed to process low grade ore from the Ranger mine stockpiles. These stockpiles contain significant quantities of uranium oxide and ERA will continue to investigate methods of recovering it.

Rehabilitation Provision

During the June 2011 half-year, ERA commenced detailed studies on the Ranger rehabilitation and closure plan. Whilst these detailed studies will not be complete until the end of 2012, ERA has completed a detailed desktop review of the rehabilitation costs estimate and, as a result, ERA has increased the provision in the financial statements from $314 million to $550 million. Further detail is provided in notes 2 and 6 to the financial statements.

Exploration and Evaluation

ERA resumed its exploration program on the Ranger Project Area during the June 2011 half-year with exploration expenditure of $1 million.

Exploration drilling during the first half of 2011 focused on the Georgetown area south east of the Ranger 3 Deeps resource. Drilling of the Georgetown area in 2010 had encountered an area of mineralisation of 14 metres at a grade of 0.35 per cent uranium oxide from a depth of 403 metres. Three follow-up diamond drill holes were completed at a total of 2,277 metres. These drill holes were targeted to define the orientation of the mineralised structure. Further drilling is being conducted to test the target zone at depth and results will be reported during the second half of 2011.

Ranger 3 Deeps Exploration Decline

On 4 August 2011, the ERA board approved the construction of an exploration decline to conduct close spaced underground exploration drilling and to explore areas adjacent to the Ranger 3 Deeps resource. The current estimated cost to complete this work is $120 million. The Ranger 3 Deeps resource currently contains an estimated 34,000 tonnes of uranium oxide.

Construction of the decline is expected to commence in May 2012, subject to obtaining all necessary regulatory approvals.

Business Review

ERA has recently conducted a business review to ensure that the business is focused on the most strategically important and value enhancing activities. This included a review of the cost structure of the business with the expectation that mining activity in Ranger Pit 3 is completed in 2012.

The business review identified a number of opportunities to operate more efficiently and reduce costs in line with the expected future production levels, as well as meeting the changing business conditions that ERA is facing. These opportunities have been broken down into phases based on the time and organisational change required in implementation. The first phase of initiatives targets cumulative cost savings of $150 million in operating cost reductions over the course of the next 3.5 years.

Funding

ERA has engaged an external financial advisor and is well advanced in developing a long term funding plan. Rio Tinto has indicated that subject to its usual internal approvals it is committed to playing its role as part of that funding. At 30 June 2011, ERA has $185 million in cash and no debt.

Ore Reserves & Mineral Resources

ERA has adjusted its Ore Reserves and Mineral Resources statement for the Ranger Project Area as follows:

(a) Heap Leach Facility decision

ERA has extensive stockpile reserves that vary in grade. It is planned that this material will progressively be processed through the mill and prioritised by grade. At this time, the most economically viable method of processing the low grade stockpiled ore is through heap leach technology. Although possible to process the low grade stockpiled material through the processing plant, in light of the decision of the ERA board not to proceed with the Heap Leach Facility, ERA has downgraded the low grade material previously classified as reserves to resources. As a result, ore reserves of 7,100 tonnes of uranium oxide have been reclassified to resources. As a consequence, ERA wrote down $142 million ($99 million after tax) of inventory value related to this low grade material.

(b) Grade adjustments

Extensive stockpile drilling was completed during the period and this combined with further adjustments to the insitu ore model, has resulted in an overall grade downgrade equivalent to 6,100 tonnes of uranium oxide of Ore Reserves. This is due to the grade of the stockpiles being lower than originally expected.

(c) Ranger Project Area Ore Reserves Reconciliation

	Uranium Oxide Tonnes
Reserves as at 31 December 2010	29,800
Depletion by processing from 1 January 2011 to 30 June 2011	600
Contained uranium oxide reduction due to grade adjustment	6,100
Reclassification from reserves to resources of low grade stockpiles	7,100
Ranger Project Area Reserves at 30 June 2011	16,000

(d) Mineral resources

As a consequence of the classification of Ore Reserves described above, the Mineral Resources (excluding reserves) have increased from 109 thousand tonnes of uranium oxide to 116 thousand tonnes of uranium oxide.

Dividends

The ERA directors have decided not to declare an interim dividend for the 2011 financial year. This compares to the interim dividend of 8 cents per share declared in July 2010 in respect of the 2010 financial year.

No final dividend was paid in respect to the 2010 financial year.

Outlook

With the progressive restart of the processing operations from 15 June 2011, ERA's 2011 production of uranium oxide is expected to be approximately 2,600 tonnes. Additional pond water treatment capacity has been commissioned to help provide earlier and longer access to the bottom of the pit.

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. Immediate demand weakened after the Japan nuclear crisis, and the spot price of uranium oxide has been volatile. This volatility is likely to continue until the situation in Japan is clearer and the outcomes of the safety reviews of nuclear power facilities in China are released along with the subsequent impact on the current new build program. Long term demand is expected to continue to be driven by strong growth in the Chinese market. This is expected to significantly exceed any market contraction as a result of the Japan crisis. ERA continues to envisage a strong future for uranium including continued price and demand growth with long term demand exceeding planned supply.

ERA is planning to conduct an expanded exploration program on the Ranger Project Area over the period 2012 to 2014 for a total estimated cost of $40 million.

Competent Persons

The information in this report that relates to Ranger Mineral Resources or Ore Reserves is based on information compiled by Geologists Greg Rogers (a full time employee of Energy Resources of Australia Ltd), Arnold van der Heyden (a full time employee of Hellman & Schofield Pty Ltd and consultant to Energy Resources of Australia) and Mining Engineer Reid Miller (full time employee of Energy Resources of Australia Ltd) who are all members of the Australasian Institute of Mining & Metallurgy. Greg Rogers, Arnold van der Heyden and Reid Miller 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 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Greg Rogers, Arnold van der Heyden and Reid Miller consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this financial report and Directors’ Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditors’ independence declaration

A copy of the auditors’ independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

Signed at Sydney this 4th day of August 2011 in accordance with a resolution of the directors.

Dr D Klingner
Chairman

pwc

Auditor's Independence Declaration

As lead auditor for the review of Energy Resources of Australia Ltd for the half-year ended 30 June 2011, 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 review; and

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

This declaration is in respect of Energy Resources of Australia Ltd and the entities it controlled during the period.

Debbie Smith
Partner
PricewaterhouseCoopers

Melbourne
4 August 2011

	Notes	**30 June 2011 $'000**	30 June 2010 $'000
Revenue from continuing operations		**244,895**	217,740
Changes in inventories		**(174,054)**	32,311
Purchased materials and consumables used		**(91,426)**	(66,207)
Employee benefits and contractor expense		**(111,304)**	(96,105)
Government and other royalties		**(6,960)**	(11,210)
Commission and shipping expenses		**(1,949)**	(5,099)
Depreciation and amortisation expenses		**(17,277)**	(26,531)
Financing costs		**(10,798)**	(7,033)
Statutory and corporate expenses		**(5,791)**	(5,996)
Other expenses		**(3,180)**	(1,033)
Profit/(loss) before income tax		**(177,844)**	30,837
Income tax benefit(expense)		**56,098**	(8,161)
Profit/(loss) for the half-year		**(121,746)**	22,676
Other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income for the half-year		**(121,746)**	22,676
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		**(121,746)**	22,676
		(121,746)	22,676
Total comprehensive income for the half-year is attributable to:			
Owners of Energy Resources of Australia Ltd		**(121,746)**	22,676
		(121,746)	22,676
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	8	**(63.8)**	11.9
Diluted earnings per share	8	**(63.8)**	11.9
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share	8	**(63.8)**	11.9
Diluted earnings per share	8	**(63.8)**	11.9

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

	Notes	**30 June 2011 $'000**	31 Dec 2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**185,065**	187,670
Trade and other receivables		**57,135**	72,850
Inventories	5	**75,444**	138,552
Current tax asset		**10**	12,704
Other		**3,364**	579
Total current assets		**321,018**	412,355
Non-current assets			
Inventories	5	**101,354**	212,118
Undeveloped properties		**203,632**	203,632
Property, plant and equipment		**778,126**	539,477
Deferred tax assets		**2,282**	-
Investment in trust fund		**58,184**	55,814
Total non-current assets		**1,143,578**	1,011,041
Total assets		**1,464,596**	1,423,396
LIABILITIES			
Current liabilities			
Payables		**71,849**	94,072
Provisions	6	**29,294**	27,672
Total current liabilities		**101,143**	121,744
Non-current liabilities			
Deferred tax liabilities		**-**	50,926
Provisions	6	**534,123**	299,650
Total non-current liabilities		**534,123**	350,576
Total liabilities		**635,266**	472,320
Net assets		**829,330**	951,076
EQUITY			
Contributed equity		**214,585**	214,585
Reserves		**391,300**	391,300
Retained profits		**223,445**	345,191
Total equity		**829,330**	951,076

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2011		**214,585**	**391,300**	**345,191**	**951,076**
Profit/(Loss) for the half-year		-	-	(121,746)	(121,746)
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the half-year		**-**	**-**	**(121,746)**	**(121,746)**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	-	-
		-	-	-	-
Balance at 30 June 2011		**214,585**	**391,300**	**223,445**	**829,330**
Balance at 1 January 2010		**214,585**	**390,859**	**361,130**	**966,574**
Profit/(Loss) for the half-year		-	-	22,676	22,676
Other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		**-**	**-**	**22,676**	**22,676**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	(47,684)	(47,684)
		-	-	(47,684)	(47,684)
Balance at 30 June 2010		**214,585**	**390,859**	**336,122**	**941,566**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Half-year ended	
	2011	2010
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**282,452**	242,326
Payments to suppliers and employees (inclusive of goods and services tax)	**(272,707)**	(204,312)
Payments for exploration	**(965)**	(951)
	8,780	37,063
Interest received	**3,802**	10,925
Interest and other costs of finance paid	**(841)**	(395)
Income taxes received/(paid)	**15,585**	(69,513)
Net cash inflow/(outflow) from operating activities	**27,326**	(21,920)
Cash flows from investing activities		
Payments for deferred stripping and property, plant and equipment	**(29,982)**	(18,853)
Proceeds from sale of property, plant and equipment	**69**	5
Net cash outflow from investing activities	**(29,913)**	(18,848)
Cash flows from financing activities		
Dividend payments	**-**	(47,684)
Net cash outflow from financing activities	**-**	(47,684)
Net (decrease) in cash and cash equivalents	**(2,587)**	(88,452)
Cash and cash equivalents at the beginning of the half-year	**187,670**	253,672
Effects of exchange rate changes on cash and cash equivalents	**(18)**	(79)
Cash and cash equivalents at end of the half-year	**185,065**	165,141

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Energy Resources of Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group 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 within the 2010 Annual Report. Further details as to some of the critical accounting estimates and judgments made by the company during the half-year are detailed below.

Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing required to rehabilitate and restore disturbed land to original condition.

The costs are estimated on the basis of a closure model, taking into account consideration of the technical closure options available to meet ERA's obligations. The cost estimates are reviewed annually during the life of the operation to reflect known developments.

A detailed desktop review was conducted during the half-year and has resulted in some modifications to the preferred closure plan. The provision for rehabilitation costs represents the net present cost at 30 June 2011 of the preferred closure plan.

Site rehabilitation studies are ongoing, with ERA undertaking detailed studies which will be completed by the end of 2012, to further refine its understanding of the capital and operating costs involved in full remediation of the Ranger Project Area. The ultimate cost of rehabilitation is uncertain and can vary in response to many factors such as legal requirements, technological change and experience at other sites. To the extent that ERA's future estimates of the rehabilitation costs are different to those currently estimated, ERA will adjust the provision for rehabilitation costs to reflect additional knowledge obtained.

Asset carrying values

During the period significant events occurred within ERA's operation and across the broader market indicating the presence of trigger events for asset impairment testing.

ERA's balance sheet contains items that have been subject to impairment testing in the half-year, with respect to the Ranger Project Area. The carrying amount of the Ranger cash generating unit (CGU) is $405m. Following the completion of testing ERA has concluded that the recoverable amount exceeds the carrying value and there is no impairment.

In assessing impairment, estimates are required of resource and development potential, future market prices, discount rate, exchange rates and capital and production costs in order to assist in the judgment of the recoverable amount.

ERA makes estimates and assumptions in regard to impairment which are subject to risk and uncertainly. Changes in circumstances may affect these estimates and the recoverable amount.

ERA assesses the recoverable amount of CGUs based on the greater of fair value less costs to sell or value in use. The fair value less costs to sell for the Ranger Project Area has been determined based on discounted cash flow modelling of a set of probability weighted strategic outcomes.

The recoverable amount is particularly sensitive to key assumptions including: uranium oxide prices (long term and spot), Australian / US dollar exchange rate, discount rate and exploration and development potential.

ERA has conducted a range of sensitivities on the recoverable amount on long term economic assumptions:

- A 10% strengthening in the long term Australian/US dollar exchange rate (applied from 2016) would decrease the recoverable amount by around $80m and would not likely result in impairment.
- A 10% decline in the long term uranium price would decrease the recoverable amount by around $134m and would not likely result in impairment.
- A 1.0% increase in the discount rate would decrease the recoverable amount but would not be likely to result in impairment.

If all of the above were considered together, this would decrease the recoverable amount whereby impairment would be likely.

ERA has announced that it will progress with the Ranger 3 Deeps exploration decline and has assigned a high probability that it will progress into production phase at the successful completion of the exploration program. Should this not occur it is likely that the Ranger CGU would face impairment.

There are several variables in ERA's assessment of the most likely development programme and its assessment of recoverable amount. This includes assumptions around regulatory or stakeholder approvals for further development potential. Should this not occur, it is likely that the Ranger CGU would face impairment.

If the carrying values of the assets are assessed to be impaired, the impairment would be charged against the income statement.

3 Segment information

Description of Segment

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 half-year ended 30 June 2011, being the mining, processing and selling of uranium. There are no other unallocated operations.

4 Dividends

	Half-year ended	
	2011 **$'000**	2010 $'000
(a) Ordinary shares		
Final dividend paid for the year ended 31 December 2010 of Nil (2009: 25 cents) per fully paid share (2009: 5 March 2010) Fully franked based on tax paid at 30%	**-**	47,684

5 Inventories

(a) Inventories - current

Stores & spares	**25,355**	25,174
Ore stockpiles at cost	**26,929**	24,629
Work in progress at cost	**3,087**	5,383
Finished product uranium oxide at cost	**20,073**	83,366
Total current Inventory	**75,444**	138,552

(b) Inventories – non-current

	Half-year ended **2011** **$'000**	2010 $'000
Ore stockpiles	**101,354**	212,118

During the period it was determined that 11.8 million tonnes of low grade stockpiled ore currently held in inventory is unlikely to be processed due to being uneconomical based on current operating and market assumptions. This material has been reclassified from reserves to resources in the Company's table of ore reserves and mineral resources. This inventory adjustment has resulted in an expense of $142 million. The expense has been included in 'Changes in inventories' in the statement of comprehensive income.

6 Provisions

(a) Provisions - current

Employee benefits	**9,498**	8,922
Rehabilitation	**19,796**	18,750
Total current provisions	**29,294**	27,672

Movement in rehabilitation provisions	
Carrying value at the start of the year	**18,750**
Payments	**(1,179)**
Transfers from non-current provisions	**2,225**
Carrying amount at the end of the half year	**19,976**

(b) Provisions – non-current

Employee benefits	**4,092**	3,768
Rehabilitation	**530,031**	295,882
Total non-current provisions	**534,123**	299,650

Movement in rehabilitation provisions	
Carrying value at the start of the year	**295,882**
Change in estimate	**220,217**
Unwind of discount	**9,958**
Additional provisions recognised	**6,199**
Transfers to current provisions	**(2,225)**
Carrying amount at the end of the half year	**530,031**

7 Contingencies

(a) Legal actions against ERA

Unresolved legal action commenced (1999) by the Mirarr Traditional Owners in the Federal Court against the former Federal Minister for Resources and ERA claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative, is dormant. Should ERA 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 this legal dispute.

8 Earnings per share

	Half-year ended	
	2011	2010
	Cents	Cents
Basic earnings per share	**(63.8)**	11.9
Diluted earnings per share	**(63.8)**	11.9

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share. 2011: 190,737,934; (2010: 190,737,934)

9 Events occurring after the reporting period

(a) Ranger 3 Deeps Exploration Decline

On 4 August 2011, the ERA board approved the construction of an exploration decline to conduct close spaced underground exploration drilling and to explore areas adjacent to the Ranger 3 Deeps resource. The current estimated cost to complete this work is $120 million. The Ranger 3 Deeps resource currently contains an estimated 34,000 tonnes of uranium oxide.

Construction of the decline is expected to commence in May 2012, subject to obtaining all necessary regulatory approvals.

(b) Ranger Heap Leach Facility

ERA has completed a feasibility study into the proposed Heap Leach Facility. The study demonstrated that this Heap Leach Facility was technically feasible, however the high capital costs and present economic assumptions limit its value. Further, there was uncertainty in regards to stakeholder support. Accordingly, the ERA Board has decided not to proceed with the proposed Heap Leach Facility project.

The proposed Heap Leach Facility was designed to process low grade ore from the Ranger mine stockpiles. These stockpiles contain significant quantities of uranium oxide and ERA will continue to investigate methods of recovering it.

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 15 are in accordance with the *Corporations Act 2001*, 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 consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Energy Resources of Australia Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dr D Klingner

Chairman

Sydney
4 August, 2011

Independent auditor's review report to the members of Energy Resources of Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Resources of Australia Ltd, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Energy Resources of Australia Ltd (the consolidated entity). The consolidated entity comprises both Energy Resources of Australia Ltd (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of Energy Resources of Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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Independent auditor's review report to the members of Energy Resources of Australia Ltd

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Resources of Australia Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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PricewaterhouseCoopers

D.G. Smith

Debbie Smith
Partner

Melbourne
4 August 2011