



ASX Announcement

30 January 2014

ERA ANNOUNCES FULL YEAR RESULTS FOR 2013

- Net loss after tax was \$136 million, compared to a loss of \$219 million in 2012.
- Underlying earnings were a loss of \$121 million.
- Solid operational performance maintained prior to December leach tank incident.
- Brine Concentrator constructed and officially opened in September 2013.
- Ranger 3 Deeps exploration decline project progressing well; on schedule and on budget.

				2013	2012
				\$000	\$000
Revenue from sales of uranium	down	10%	to	355,868	395,399
Revenue from continuing operations	down	12%	to	370,144	422,849
Earnings before Interest, Tax, Depreciation & Amortisation	up	195%	to	32,738	(34,615)
(Loss) from continuing operations after tax attributable to members	up	38%	to	(135,829)	(218,759)
Net (loss) for the period attributable to members	up	38%	to	(135,829)	(218,759)
EPS (cents)	up	38%	to	(26.2)	(42.3)
Net Cash outflow from operating activities	down	438%	to	(17,882)	(3,324)
Underlying earnings	up	20%	to	(120,897)	(150,715)
Reconciliation of net loss to underlying earnings					
<i>All after tax figures in \$ million</i>					
(Loss) for the year				(135,829)	(218,759)
Finished Goods Inventory				14,932	-
Adjustment to Net realisable Value					
Non Cash Impairment Charge				-	68,044
Underlying earnings				(120,897)	(150,715)



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Review of operations

Energy Resources of Australia Ltd's (**ERA**) net loss after tax for the year ended 31 December 2013 was \$136 million, compare to a loss of \$219 million in 2012.

Earnings before interest, tax, depreciation and amortisation (**EBITDA**) was \$33 million including a non-cash finished goods inventory write down to net realisable value (NRV) of \$21 million. This is discussed in further detail below. (2012: negative EBITDA of \$35 million, inclusive of a \$68 million non-cash impairment charge).

When compared to 2012, 2013 earnings were favourably impacted by no purchases of uranium oxide, mining operations focusing on Pit 3 backfill and reduced non cash costs (including impairment), partially offset by reduced sales revenue and the finished goods inventory adjustment to NRV.

Revenue from the sale of uranium oxide in 2013 was \$356 million (2012: \$395 million). Sales of uranium oxide were 2,815 tonnes, down from 3,223 tonnes achieved in 2012. The average realised sale price of uranium oxide achieved by ERA in 2013 was US\$53.92 per pound (2012: US\$58.33).

ERA's sales strategy focuses on ensuring a reliable long term supply of uranium oxide to customers, with pricing focussed on the long term price rather than the spot price. In 2013, both the spot and long term uranium oxide indicators declined significantly, adversely affecting ERA's average realised sales price.

Sales of uranium oxide are denominated in US dollars. In 2013, the weakening of the Australian dollar had a favourable impact on ERA's financial results.

Uranium oxide produced for the year ended 31 December 2013 was 2,960 tonnes, 20 per cent lower than 2012. Uranium oxide produced and ore milled were adversely impacted by lower milling rates resulting from milling areas of stockpiled ore with different characteristics and the suspension of processing operations following the failure of Leach Tank No. 1 on 7 December 2013. Processing operations remain suspended pending completion of a full investigation and regulatory approval to recommence. Clean-up and recovery operations at the Ranger processing plant are progressing. Ongoing monitoring confirms that this incident has had no impact to the surrounding environment. A provision for clean-up has been recorded for \$1.3 million. Further details are provided below.

The majority of high grade ore mined prior to completion of mining in Pit 3 was processed during the first half of 2013, with lower grade stockpiled ore fed subsequently.

Total cash costs were significantly lower than 2012 largely due to savings on consumable costs, corporate costs, employee benefits and mining operations focusing on rehabilitation activities. Mining costs related to rehabilitation activities are allocated to the rehabilitation provision on the balance sheet and not the statement of comprehensive income. This partially explains the significant reductions, when compared to 2012, in employee benefits, raw materials and consumables.

Further savings have been accomplished through reduced employee and contractor numbers, a strong focus on raw material and consumable optimisation, and the rationalisation of corporate and overhead costs.

Partially offsetting savings in contractor costs is the increased spend on the Ranger 3 Deeps Exploration Decline and Prefeasibility Study.



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Non-cash costs associated with depreciation have decreased during the year. This is the result of a lower asset cost base in 2013 combined with reduced production levels. A large portion of the depreciation is based on the units of production method.

Capital expenditure decreased in 2013 to \$91 million (2012: \$161 million). The majority of expenditure related to the construction of the process water brine concentrator, which was officially opened in September 2013.

Ranger processing plant leach tank failure

On 7 December 2013, Leach Tank No. 1 at the ERA Ranger processing plant failed causing a spill that was fully contained on site. Processing operations were suspended and clean-up operations commenced. ERA has commissioned a full investigation into the incident.

On 9 December 2013 ERA received notifications from the Northern Territory Department of Mines and Energy and the Commonwealth Minister for Industry to suspend processing operations at the Ranger Mine and not to recommence without regulatory approval, including a requirement from the Commonwealth to demonstrate the integrity of the Ranger processing plant and that human safety and the surrounding environment remains protected.

ERA is conducting an independent investigation which will run in parallel with the investigation to be undertaken by a Government-appointed taskforce. The taskforce consists of the Northern Territory Department of Mines and Energy, Northern Territory WorkSafe, the Supervising Scientist, the Department of Industry and a representative from the Gundjeihmi Aboriginal Corporation, which represents the Mirarr Traditional Owners, and the Northern Land Council.

ERA has maintained significant inventories of uranium oxide in 2013 and confirms that it has sufficient inventory to meet all sales commitments in the first half of 2014. As at 31 December 2013, a provision of \$1.3 million has been raised in the statement of financial position to cover the remaining clean-up, decommissioning and investigation costs. A further \$0.4 million, relating to this incident was incurred in 2013. The full financial impact for 2014 of the leach tank failure is still being assessed and will depend on a range of factors, including any necessary reparation work on the processing plant infrastructure and when ERA is authorised to recommence processing operations.

Ranger 3 Deeps

ERA continued construction of the Ranger 3 Deeps Exploration Decline at the Ranger mine in 2013. The face position reached 1,694 metres from the surface on 31 December 2013.

Underground exploration drilling of the Ranger 3 Deeps resource continues with a total of 13,924 metres completed, representing 27 per cent of the overall drilling programme. Drilling results announced on 30 August 2013 and 28 November 2013 confirm the current geological model and structural interpretation.

The total estimated cost of this project remains at \$120 million. The Ranger 3 Deeps resource currently contains an estimated 33,297 tonnes of uranium oxide. The overall project remains on time and within budget.



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Process water brine concentrator

On 1 February 2012, the ERA Board approved the design, construction and commissioning of a brine concentrator at the Ranger mine with the nominal capacity to treat 1.83 gigalitres per annum of process water.

Construction of the brine concentrator is complete with the official commencement of operations in September 2013. The overall project was delivered on time and within budget.

Exploration

ERA continued its surface exploration program during the third quarter of 2013 following the 2012/13 wet season. Drilling focussed on previously identified targets to the north of the Ranger Project Area until ceasing due to commencement of the 2013/14 wet season. To date no significant intercepts have been identified.

Progressive rehabilitation

Progressive rehabilitation of the Ranger Project Area continued during 2013. The initial backfill of Pit 3 continues to progress ahead of schedule with 20.8 million tonnes of waste material moved into the pit in 2013. As at 31 December 2013, a total of 22.8 million tonnes of waste material has been moved into Pit 3 out of a planned total of 30 million tonnes of material.

In addition to ongoing Pit 3 backfill, ERA commenced initial capping of Pit 1. This involved the placement of 2.5 metres of low grade material over the tailings in Pit 1. This initial phase of rehabilitation is scheduled for completion in 2014.

In late 2013, the ERA Board approved the construction of a dredge and tailings transfer infrastructure to transfer tailings from the current Tailings Storage Facility into Pit 3 for final storage. This project will commence construction in 2014 for an estimated total cost of \$69 million. Commissioning is expected to be in mid-2015. In line with the other rehabilitation costs, this expenditure will be allocated to the rehabilitation provision in the balance sheet.

This is a key component of rehabilitation of the Ranger Project Area and is the first step in decommissioning the Tailings Storage Facility.

Dividends

In light of the 2013 financial result and the significant investments currently being undertaken by ERA and the challenging market conditions faced, the ERA directors have decided not to declare a final dividend for the 2013 financial year (2012: Nil).

Competent Person

The information in this report is based on information compiled by geologists Greg Rogers (a full time employee of Energy Resources of Australia Ltd) and Stephen Pevely (a full time employee of Energy Resources of Australia Ltd) who are members of the Australasian Institute of Mining & Metallurgy. Greg Rogers and Stephen Pevely 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Greg Rogers and Stephen Pevely consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.



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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 is a major employer in the Northern Territory and the Alligator Rivers Region. ERA is proud of its diverse workforce of more than 500 people, of which 16 per cent are Indigenous people.

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

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