



ASX Announcement

31 July 2018

ERA ANNOUNCES JUNE 2018 HALF YEAR RESULTS

- Cash outflow of \$9 million from operating activities for the first half of 2018 to decrease total cash resources to \$459 million.¹
- Uranium production from stockpiled ore of 842 tonnes impacted by completion of the laterite ore processing, mill maintenance and a decline in ore grade.
- Sales revenue of \$160 million underpinned by a higher average realised sales price.
- Net loss after tax of \$78 million includes a non-cash impairment charge of \$90 million after tax to the Jabiluka Undeveloped Property.
- Public release of the Ranger Mine Closure Plan.
- ERA rehabilitation provision is \$512 million at 30 June 2018.

			June 2018	June 2017
			\$000	\$000
Cash flow from operating activities	-146%	to	(8,554)	18,539
Revenue from sales of uranium oxide	+6%	to	160,187	150,447
Revenue from ordinary activities	-1%	to	169,647	171,229
Profit / (Loss) from ordinary activities before tax attributable to members	-937%	to	(99,371)	(9,581)
Profit / (Loss) from ordinary activities after tax attributable to members	-717%	to	(78,322)	(9,581)
Net Profit / (Loss) for the period attributable to members	-717%	to	(78,322)	(9,581)
Earnings per share (cents)	-717%	to	(15.1)	(1.9)

¹ Inclusive of \$74 million held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund.



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Review of operations

ERA saw a cash outflow from operating activities of \$9 million for the half-year ended 30 June 2018 as a result of increased progress on rehabilitation activities and a decline in sales receipts. This compares to positive cash flow from operating activities of \$19 million in the same period in 2017. Cash flow from uranium oxide sales before rehabilitation and financing remains positive at \$9 million.

ERA had total cash at bank of \$385 million at 30 June 2018 compared to \$395 million on 31 December 2017. In addition to cash at bank, ERA had \$74 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund, bringing total cash resources to \$459 million.

ERA's net loss after tax for the half-year ended 30 June 2018 was \$78 million compared with a net loss of \$10 million for the same period in 2017. In the June 2018 half year ERA recognised an impairment charge of \$90 million (after tax) to the Jabiluka Undeveloped Property, resulting from a material decline in the long-term forecast consensus uranium price and an increase in the asset-specific discount rate reflecting recent uranium equity market volatility. Notwithstanding the impact on the carrying value, ERA's view remains that Jabiluka is a large, high quality uranium ore body of global significance.

Uranium oxide production for the half-year ended 30 June 2018 was 842 tonnes. This compares to 1,046 tonnes of uranium oxide production for the same period in 2017. In accordance with the Company's mine plan, continued uranium production is based on the processing of existing primary ore stockpiles. Production was impacted by completion of the laterite ore processing early in the June 2018 quarter, mill maintenance and the impact of declining ore grades.

Revenues from sales of uranium oxide were higher at \$160 million for the half year compared to \$150 million for the same period in 2017. Revenue was impacted by a higher average realised sales price. This was partially offset by a decrease in sales volume and a marginally unfavourable movement in the Australian/US dollar exchange rate.

Sales volume for the period was 1,186 tonnes, compared to 1,464 tonnes for the June 2017 half-year. As a result of timings within the contract portfolio, forecast sales volumes in 2018 are weighted towards the first half of the year, with ERA having completed approximately 80 per cent of forecast sales contracts for the year. ERA will continue to build inventory through the second half of the year for sale into the higher priced term contracts in future periods.

The average realised sales price of uranium oxide for the half-year ended 30 June 2018 was US\$47.56 per pound compared with US\$35.09 per pound for the same period in 2017. The increase to the average realised sales price is a result of the structure of the ongoing contract portfolio and no spot sales occurring in the first half of the year. The average long-term uranium oxide price indicator was US\$29.25 per pound and the average spot price was US\$21.78 per pound, compared to US\$32.83 per pound and US\$22.29 per pound, respectively, for the same period in 2017.

As sales of uranium oxide are denominated in US dollars, the strengthening of the Australian dollar has had an unfavourable impact on revenue when compared to 2017. The average Australian/US dollar exchange rate for the first half of 2018 was US78 cents compared to US75 cents in the first half of 2017.

Cash costs for the June 2018 half-year were marginally higher than the corresponding period in 2017. This was driven by higher diesel fuel prices and increased maintenance in mining and fixed plant.

No depreciation has been recorded in 2018 due to ERA fully impairing the Ranger Cash Generating Unit in 2016.



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Capital expenditure for the June 2018 half-year was in line with the comparative period at \$2 million. Capital expenditure relates to sustaining capital activities. In 2018, capital expenditure was immediately written off to the Statement of Comprehensive Income as a result of the Ranger Cash Generating Unit being fully impaired in 2016.

Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued with the dredge operating to transfer tailings from the Tailings Storage Facility to Pit 3.

ERA publicly released the Ranger Mine Closure Plan during the June quarter. The feasibility study of Ranger closure, which aims to further refine scheduled rehabilitation activities and execution of plans, is also continuing, with finalisation expected in quarter 4, 2018.

At 30 June 2018, the ERA rehabilitation provision is \$512 million. The strategy and estimate remain consistent with 31 December 2017, with \$21 million spent on rehabilitation activities in the first half of 2018.

Progressive rehabilitation included operation of water treatment, the transfer of tailings from the Tailings Storage Facility to Pit 3 and the backfill of waste material into Pit 1.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2018.

The Ranger 3 Deeps exploration decline remains under care and maintenance.

Dividends

ERA has decided not to declare an interim dividend in respect of the 2018 half-year. No final dividend was paid in respect to the 2017 financial year.

Outlook

ERA expects that the uranium market will remain challenging in the near term.

By the second half of 2018, the market surplus is expected to decline to its lowest level since 2007. China-led demand growth should support a rebalancing of the market over time as China and other Asian countries continue to progress their nuclear power programs in accordance with long-term energy policy objectives.

ERA continues to expect uranium production for 2018 to be within the range of 1,600 tonnes to 2,000 tonnes. Production will continue to draw from existing stockpiles. ERA's forecast sales are substantially contracted, with the average realised selling price for 2018 expected to remain broadly aligned to the first half.

Competent Person

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2017 Annual Statement of Reserves and Resources which was released to the market on 30 January 2018 and is available to view at <https://www.asx.com.au/asxpdf/20180130/pdf/43r4pyz70bx53d.pdf>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



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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 provides clean energy to the world and, as a trusted partner, cares for people and country.

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than three decades. During that time, Ranger has produced in excess of 125,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory. ERA is a major employer in the Northern Territory and the Alligator Rivers Region.

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