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ASX Interim report – 30 June 2016

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 31 December 2015 financial report.

Contents

Directors' Report

for the half-year ended 30 June 2016

The Directors of Energy Resources of Australia Ltd (**ERA or the Company**) present their report together with the financial report of the company, for the half-year ended 30 June 2016.

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***
Mr P Mansell (Chairman)	Appointed October 2015
Ms A Sutton	Appointed Chief Executive and Managing Director September 2013
Mr B Cox	Appointed November 2014 Resigned May 2016
Ms J Farrell	Appointed June 2014
Mr S Charles	Appointed October 2015
Mr P Dowd	Appointed October 2015
Mr S Trott	Appointed December 2015

Results for announcement to the market

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

			June 2016 $000	**June 2015 $000**
Cash flow from operating activities	+39%	to	19,690	14,127
Revenue from sales of uranium oxide	-11%	to	154,450	174,413
Revenue from ordinary activities	-8%	to	170,501	185,799
Loss from ordinary activities before tax attributable to members	-235%	to	(196,549)	(58,667)
Loss from ordinary activities after tax attributable to members	+23%	to	(196,549)	(255,339)
Net loss for the period attributable to members	+23%	to	(196,549)	(255,339)
Earnings per share (cents)	+23%	to	(38.0)	(49.3)

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 generated positive cash flow from operating activities of $19.7 million for the half-year ended 30 June 2016. This compares to positive cash flow from operating activities of $14.1 million for the half-year ended 30 June 2015. This improvement is the result of a focus on maximising cash flow from the production of uranium oxide from stockpiled ore, together with lower expenditure on exploration and evaluation and increased other revenue.

ERA had total cash at bank of $384 million at 30 June 2016 compared to $365 million on 31 December 2015. In addition to cash at bank, ERA had $70 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund at 30 June 2016, bringing total cash resources to $453 million.

ERA's net loss after tax and impairment charge for the half-year ended 30 June 2016 was $196.5 million compared with a net loss of $255.3 million for the same period in 2015. The half-year ended 30 June 2016 included a non-cash impairment charge of $161.4 million. This resulted from a continued decline in the uranium oxide price. The 30 June 2015 half-year net loss after tax included a non-cash charge for the write-down of ERA's deferred tax asset of $196.7 million.

Uranium oxide production for the period was 1,082 tonnes. This compares to 879 tonnes of uranium oxide production for the 2015 half-year. All ore milled was taken from existing stockpiles. Production was favourably impacted by higher ore milled and higher recoveries.

Revenues from sales of uranium oxide were lower at $154.4 million for the period compared to $174.4 million for the June 2015 half-year. The revenue decline was driven by a decrease in sales volume and a lower realised sales price. This was partially offset by a favourable movement in the Australian/US dollar exchange rate.

Sales volume for the period was 1,148 tonnes, compared to 1,245 tonnes for the June 2015 half-year. Forecast sales in the second half of 2016 are expected to be broadly aligned to the first half of 2016.

The average realised sales price of uranium oxide for the June 2016 half-year was US$44.68 per pound compared with US$49.14 per pound for the corresponding period in 2015. For the June 2016 half-year, the average long-term uranium oxide price indicator was US$42.67 per pound and the average spot price was US$29.50 per pound, compared to US$48.50 per pound and US$37.33 per pound, respectively, for the same period in 2015.

As sales of uranium oxide are denominated in US dollars, the weakening of the Australian dollar has had a favourable impact on revenue when compared to 2015. The average Australian/US dollar exchange rate for the first half of 2016 was US73 cents compared to US77 cents in the first half of 2015.

Cash costs for the June 2016 half-year were lower than the corresponding period in 2015. Reduced expenditure on the Ranger 3 Deeps project was offset by higher expenditure on maintenance.

Non cash costs for the June 2016 half-year were lower than the corresponding period in 2015 due to the December 2015 increase in Ore Reserves increasing the expected overall Ranger mine production. Depreciation is largely calculated on a units of production basis.

Capital expenditure for the June 2016 half-year was $1.6 million compared to $7.4 million in the corresponding period in 2015. Capital expenditure in the June 2016 half-year relates to sustaining capital activities.

Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued during the first half of 2016 which included the completion of capping of Pit 1 and commissioning of dredging infrastructure to transfer tailings from the Tailings Storage Facility to Pit 3. Dredging operations have demonstrated full capacity during the period.

At 30 June 2016, the ERA rehabilitation provision was $507 million.

Strategic Review

Following advice received from Gundjeihmi Aboriginal Corporation in the second half of 2015 that the Mirarr Traditional Owners did not support an extension to the Ranger Authority, ERA conducted a strategic review of its business.

The review outcomes were announced in May 2016 and comprised three near-term strategic priorities for the Company:

- continue the progressive rehabilitation of the Ranger Project Area and provide additional assurance to stakeholders that rehabilitation can be fully delivered and funded in a range of business scenarios;
- maximise the generation of cash flow from the processing of stockpiled ore, which can potentially be sustained until late 2020 (the current Ranger Authority expires in January 2021); and
- preserve the option for the future development of Ranger 3 Deeps via ongoing care and maintenance of the Ranger 3 Deeps exploration decline and related infrastructure.

Credit Facility

In April 2016 the Company entered into a $100 million credit facility agreement with Rio Tinto. The credit facility agreement provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios.

As at 30 June 2016, ERA had $453 million in total cash resources and a rehabilitation provision of $507 million. Under current assumptions relevant to ERA's cash position[1] and having regard to the expected years of future production, the Company expects to have sufficient financial resources without drawing on the facility to fully fund its rehabilitation programme.

However, should those assumptions not be realised, and in the absence of any other successful developments or asset sales, the Company may draw on the facility. The credit facility can be terminated at any time by ERA. Further details of the credit facility are set out in a separate release to ASX dated 29 April 2016.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2016.

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 2016 half-year. No final dividend was paid in respect to the 2015 financial year.

[1] Such assumptions include foreign exchange rate, uranium oxide prices, input and consumable costs, stockpile mining and other operational plans.

Outlook

ERA expects that the uranium market will remain challenging in the near term, however the long term outlook remains encouraging for established producers. Spot prices have continued to weaken in the first half of 2016 as a result of oversupply in the market. Whilst supply is expected to continue to exceed demand in the near term, China led demand-growth should support a rebalancing of the market over time as China continues to progress its nuclear power program in accordance with its long term energy policy objectives.

At 30 June 2016, the spot price was US$26.70 per pound and the long-term price indicator was US$40.50 per pound.

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 Directors' Report and the financial 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* (Cth) is set out on page 6.

Signed at Perth this 24th day of August 2016 in accordance with a resolution of the Directors.

Mr P Mansell
Chairman

Competent Person

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is extracted from the ERA 2015 Annual Statement of Reserves and Resources which was released to the market on 28 January 2016 and is available to view at http://www.asx.com.au/asxpdf/20160128/pdf/434mvv7l0j6nhn.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.

Auditor’s Independence Declaration

As lead auditor for the review of Energy Resources of Australia Ltd for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. no contraventions of any applicable code of professional conduct in relation to the review.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
24 August 2016

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	Notes	**Half-year ended** **30 June 2016 $'000**	30 June 2015 $'000
Revenue from continuing operations	3	170,501	185,799
Changes in inventories		(42,824)	(57,923)
Materials and consumables used		(37,773)	(36,124)
Employee benefits and contractor expense		(67,840)	(67,535)
Government and other royalties		(8,323)	(9,313)
Commission and shipping expenses		(3,213)	(2,949)
Depreciation and amortisation expenses		(28,724)	(50,538)
Non-cash impairment charge		(161,381)	-
Financing costs		(9,116)	(12,178)
Statutory and corporate expenses		(6,330)	(6,299)
Other expenses		(1,526)	(1,607)
Profit/(loss) before income tax		(196,549)	(58,667)
Income tax benefit/(expense)		**-**	(196,672)
Profit/(loss) for the half-year		(196,549)	(255,339)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(196,549)	(255,339)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(196,549)	(255,339)
		(196,549)	(255,339)
Total comprehensive income for the half-year is attributable to:			
Owners of Energy Resources of Australia Ltd		(196,549)	(255,339)
		(196,549)	(255,339)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share	7	(38.0)	(49.3)
Diluted earnings per share	7	(38.0)	(49.3)

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

	Notes	**Half-year ended**	
		30 June 2016 $'000	31 Dec 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		383,504	365,326
Trade and other receivables		9,523	20,440
Inventories	4	109,687	132,950
Other		4,079	480
Total current assets		506,793	519,196
Non-current assets			
Inventories	4	30,082	49,673
Undeveloped properties		203,632	203,632
Property, plant and equipment		71,425	259,990
Non-current investments		69,791	68,324
Total non-current assets		374,930	581,619
Total assets		881,723	1,100,815
LIABILITIES			
Current liabilities			
Payables		35,326	50,139
Provisions	5	52,257	39,958
Income received in advance		32,309	38,930
Total current liabilities		119,892	129,027
Non-current liabilities			
Provisions	5	467,342	480,750
Deferred tax liabilities	2	21,091	21,091
Total non-current liabilities		488,433	501,841
Total liabilities		608,325	630,868
Net assets		273,398	469,947
EQUITY			
Contributed equity		706,485	706,485
Reserves		389,751	389,751
Accumulated Losses		(822,838)	(626,289)
Total equity		273,398	469,947

The above balance sheet should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2016	**706,485**	**389,751**	**(626,289)**	**469,947**
Loss for the half-year	-	-	(196,549)	(196,549)
Other comprehensive income	**-**	**-**	-	-
Total comprehensive income for the half-year	**-**	**-**	(196,549)	(196,549)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2016	**706,485**	**389,751**	**(822,838)**	**273,398**

Balance at 1 January 2015	**706,485**	**389,918**	**(350,796)**	**745,607**
Loss for the half-year	-	-	(255,339)	(255,339)
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the half-year	**-**	**-**	**(255,339)**	**(255,339)**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2015	**706,485**	**389,918**	**(606,135)**	**490,268**

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

	Half-year ended	
	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	182,669	174,892
Payments to suppliers and employees (inclusive of goods and services tax)	(155,140)	(141,386)
Payments for exploration	-	(7,103)
Payments for rehabilitation	(10,179)	(14,953)
	17,350	11,450
Interest received	3,297	3,171
Financing costs paid	(957)	(494)
Net cash inflow/(outflow) from operating activities	19,690	14,127
Cash flows from investing activities		
Payments for property, plant and equipment	(1,556)	(7,408)
Proceeds from sale of property, plant and equipment	41	247
Net cash outflow from investing activities	(1,515)	(7,161)
Net increase / (decrease) in cash and cash equivalents	18,175	6,966
Cash and cash equivalents at the beginning of the half-year	365,326	293,318
Effects of exchange rate changes on cash and cash equivalents	3	(8)
Cash and cash equivalents at end of the half-year	383,504	300,276

The above 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 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

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 2015 and any public announcements made by Energy Resources of Australia Ltd (ERA) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

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 of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

ERA 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 below.

Rehabilitation provision

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

The costs are estimated on the basis of a closure model, taking into account considerations 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.

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 operations. Key sensitivities for the Ranger rehabilitation provision include future rainfall, process water treatment costs, material movement costs and finalisation of the closure criteria with stakeholders.

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. Further information with regard to funding of the rehabilitation provision is discussed in Note 8.

Taxation

Judgment is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgments and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

ERA recognised certain deferred tax assets for temporary differences. ERA has substantial tax losses that are not recognised as deferred tax assets due to uncertainty regarding the Company's ability to generate adequate levels of future taxable profits, this treatment is reviewed periodically. Should future taxable profits eventuate this treatment will not impact the Company's ability to utilise available tax losses in future periods.

Asset carrying values

At the end of each reporting period, ERA assesses whether there are any indications that the Company's cash generating units (CGU) may be impaired. This requires judgment in analysing possible impacts caused by factors such as the price of uranium oxide, foreign exchange movements, operating and capital estimates, project progression, Traditional Owner relationships and weather impacts on process water inventories. At 30 June 2016, ERA identified that continued decline in the uranium oxide spot price was an indication of impairment. The market uranium oxide spot price reached an eleven year low in July 2016. Impairment testing was performed on the Ranger CGU and concluded the asset carrying value exceeded the CGU fair value. The Company also determined that external and business-specific factors that had occurred in the six months to

30 June 2016 warranted a review of, and revision to, the valuation technique that is used to determine the fair value of the Ranger CGU.

A non-cash impairment charge of $161.4 million has been recorded in the Statement of Comprehensive Income.

ERA has assessed the recoverable amount using a fair value less costs of disposal method. The Company conducts impairment testing using a probability-weighted discounted cash flow model. The Ranger CGU comprises all assets and liabilities of the Company excluding the asset and deferred tax liability related to the Jabiluka Undeveloped Property as well as revenue received in advance. The Ranger CGU carrying value at 30 June 2016 is $(328) million, post impairment charge.

The fair value less costs of disposal (FVLCD) method under Australian Accounting Standard 136 requires a determination of the fair value of the Company's CGUs, being the price that would be received to sell a CGU in an orderly transaction between market participants at measurement date. In this context, ERA considers that the fair value that a willing buyer would place on the Ranger CGU includes some option value for the Ranger 3 Deeps project on the basis that it is possible that the Ranger 3 Deeps mine is able to be developed in the future, subject to achieving an extension to the Ranger Authority.

In determining the fair value of the Ranger CGU, ERA assumes that a market participant would characterise the Ranger CGU as an inseparable bundle of assets and liabilities. This incorporates processing of ore from existing stockpiles (until late 2020), the option to develop the Ranger 3 Deeps underground mine (subject to achieving an Authority extension) and the obligation to complete rehabilitation of the Ranger Project Area (by January 2026 in the absence of an Authority extension). Multiple approaches are available to determine fair value and a high degree of judgment is required in determining the most appropriate method.

In determining the fair value of the Ranger CGU at 31 December 2015, ERA applied a conventional discounted cash flow valuation technique incorporating the use of a single discount rate. The single discount rate was based on an estimate of the Company's Weighted Average Cost of Capital. In conducting the impairment assessment at 30 June 2016, ERA has assessed that the likelihood that a market participant would use a conventional discounted cash flow technique to determine the fair value less costs of disposal of the Ranger CGU is decreasing. This is principally due to the sustained weakness in the uranium market and the impact of the passage of time on the expected remaining life of current operations which is now less than five years (in the absence of an Authority extension). In light of these factors, the probability that a market participant would seek to utilise a more sophisticated valuation method than the conventional single rate discounted cash flow technique is increasing.

As a result of the review, ERA has continued to use a probability-weighted discounted cash flow valuation technique but determined separate discount rates for the constituent parts of the Ranger CGU. The constituent parts of the Ranger CGU are current operations (stockpiled ore processing), rehabilitation cash flows and the Ranger 3 Deeps development option. This is a more complex valuation approach than using a single discount rate approach and reflects an assumption that a market participant is more likely to perform a more detailed evaluation of the risk characteristics of the Ranger CGU's cash flows in response to the factors outlined above. The discount rates adopted have been determined in consultation with a third party valuation expert. The impairment calculation is sensitive to the discount rates adopted, and changes to the discount rate assumptions may materially impact the FVLCD of the Ranger CGU and the resulting impairment charge.

The valuation methodology used to determine the fair value of the Ranger CGU may be subject to continued revision in future reporting periods if there is a material change to the Company's circumstances.

When assessing recoverable amounts, ERA makes estimates and assumptions which are subject to risk and uncertainty. Changes in circumstances may affect these estimates and the recoverable amount.

The recoverable amount is sensitive to key assumptions including uranium oxide price, Australian/US dollar exchange rate, ERA's ability to secure an extension to the Ranger Authority and other approvals. Uranium oxide price and exchange rate assumptions used in determining the recoverable amount are based on market consensus forecasts. Selected downside sensitivities to the fair value of the Ranger CGU and the potential impact on impairment testing at 30 June 2016 are summarised below.

Sensitivity	**Potential outcome (further impairment)**
-5 per cent change in forecast uranium oxide prices	$32 million
-5 per cent change in forecast Australian/US dollar exchange rates	$40 million
-5 per cent change in forecast uranium oxide production based on current reserves	$46 million
Removal of option value ascribed to Ranger 3 Deeps	$31 million

It is reasonably possible that outcomes within the next financial year that are different from the current assumptions around future market prices, resource and development potential, discount rates, rehabilitation costs, capital expenditure and production costs, could require a material adjustment (increase or decrease) to the carrying amount of the Ranger CGU.

Undeveloped Properties

Undeveloped properties are considered as assets not yet ready for use. The recoverable amount of the undeveloped properties is determined using the fair value less costs of disposal method. When annual impairment analysis is performed, fair value less costs of disposal is determined using a discounted cash flow model. Undeveloped properties consist of the Jabiluka mineral lease.

The carrying value of the Jabiluka Undeveloped Property, net of deferred tax liability is $181 million.

ERA has conducted a review for any indications that the Jabiluka Undeveloped Property maybe impaired and concluded no such indicators are present. As such ERA has not conducted an impairment review of the Jabiluka Undeveloped Property in the first half of 2016.

Key assumptions to which the Jabiluka model is sensitive include uranium oxide price, foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources and lease tenure renewal.

The Jabiluka mineral lease is currently subject to a Long Term Care and Maintenance Agreement with Traditional Owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

Inventory net realisable value

The calculation of net realisable value is sensitive to key assumptions about the future including: uranium oxide price, Australia/US dollar exchange rate and where applicable costs to complete. The sales price of uranium oxide is denominated in US dollars, so fluctuations in the Australia/US dollar exchange rate will affect the proceeds received from sales and consequently the recoverable amount.

At 30 June 2016, a $5.3 million (pre-tax) negative adjustment was made to finished goods inventory and a $2.7 million (pre-tax) negative adjustment to work in progress inventory to record it at its net realisable value. The net realisable value adjustment has been included in 'Changes in inventory' in the statement of comprehensive income.

ERA incorporates certain non-cash costs in the basis of calculation of the cost of inventories at the reporting date, in accordance with Australian Accounting Standards. As a result, whilst continued processing of stockpiles was a cash generative activity in the half-year to 30 June 2016, the inclusion of non-cash costs in reporting the cost of ERA's inventories is a contributory factor in the write-down of inventories to net realisable value at 30 June 2016.

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 2016, being the mining, processing and selling of uranium oxide. There are no other unallocated operations.

Segment Revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the income statement.

Revenues from customers are derived from the sale of uranium oxide. Segment revenue reconciles to total revenue from continuing operations with the addition of other income, which includes interest revenue and rent received.

ERA is domiciled in Australia. The profile of its revenue from external customers is outlined in the table below:

	Half-year ended	
	30 June 2016 $'000	30 June 2015 $'000
Sales to customers		
Asia	154,450	174,413
Total Sale of Goods	154,450	174,413
Other revenue	16,051	11,386
Total revenue from continuing operations	170,501	185,799

Segment revenues are allocated based on the country in which the customer is based. ERA places all sales through a marketing agreement with Rio Tinto Uranium based in Asia.

	30 June 2016 $'000	31 Dec 2015 $'000

4 Inventories

(a) Inventories – current

Stores & spares	16,893	16,923
Ore stockpiles at cost	36,695	36,337
Work in progress at cost	-	6,879
Work in progress at NRV	4,083	-
Finished product U_3O_8 at NRV	52,016	72,811
Total current Inventory	109,687	132,950

(b) Inventories – non-current

Ore stockpiles at cost	30,082	49,673

5 Provisions

(a) Provisions – current

Employee benefits	9,638	9,012
Rehabilitation	42,619	30,946
Total current provisions	52,257	39,958

Movement in current rehabilitation provisions	
Carrying value at the start of the year	30,946
Payments	(10,179)
Transfers from non-current provision	21,852
Carrying amount at the end of the half-year	42,619

(b) Provisions – non-current

Employee benefits	3,457	3,175
Rehabilitation	463,885	477,575
Total non-current provisions	467,342	480,750

Movement in non-current rehabilitation provisions	
Carrying value at the start of the year	477,575
Unwind of discount	8,162
Change in estimate	-
Transfers to current provision	(21,852)
Carrying amount at the end of the half-year	463,885

6 Contingencies

Legal actions against ERA

Unresolved legal action commenced (in 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.

7 Earnings per share

	Half-year ended	
	30 June 2016 Cents	30 June 2015 Cents
Basic earnings per share	(38.0)	(49.3)
Diluted earnings per share	(38.0)	(49.3)

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share. 2016: 517,725,062 (2015: 517,725,062).

8 Liquidity and capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The future liquidity and capital requirements of the Company will depend on many factors. Should current forecasts for foreign exchange rate, prices, costs, resource and mining techniques not be realised, and in the absence of any other successful developments, the Company may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area.

It was announced on 29 April 2016 that the Company had entered into a $100 million credit facility agreement with Rio Tinto. The credit facility agreement provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios. Should current assumptions not be realised, and in the absence of any other successful developments or asset sales, the Company may draw on the facility. The credit facility can be terminated at any time by ERA.

Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by the Company into the Ranger Rehabilitation Trust Fund is then delivered. The Trust Fund includes both cash and financial guarantees.

The Company's ability to access financial guarantees can be influenced by many factors including future cash balance, cash flows and shareholder support. Guarantees are provided by major financial institutions. Should one or more of the financial guarantees be withdrawn at any time and the Company is unable to access replacement guarantees, substantial additional cash would be required to be deposited into the Trust Fund. In the scenario where this occurs the Company's cash resources available to fund operations would reduce. The Company has plans in place to address these risks.

9 Events occurring after the reporting period

No events or circumstances have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations or state of affairs of the Company in subsequent financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001* (Cth), 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 Company's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company 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.

Mr P Mansell
Chairman
Perth
24 August 2016

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 (the company), which comprises the balance sheet as at 30 June 2016, 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.

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 and the *Corporations Act 2001* and for such internal 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 30 June 2016 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. 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.

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:

1. giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
24 August 2016