ERA **Energy Resources of Australia Ltd**

ABN 71 008 550 865

Media Release and ASX announcement

20-Aug-1998

ERA Full Year Results

1997/1998 financial year

- Profit after tax decreased by 34 per cent to $26.7 million
- Earnings before interest and tax decreased to $48.8 million
- An 8.0 cent fully franked final dividend declared
- Sales revenue decreased by 13 per cent to $201.3 million
- Record sales of Ranger material at 4,635.3 tonnes U_3O_8, however overall sales decreased to 4,927.8 tonnes U_3O_8
- Seven new sales contracts signed
- Ranger production of 4,161.9 tonnes U_3O_8
- Plant performed above expectations in the first half following expansion, however chemical problems reduced production levels significantly in the second half.
- Mining of Ranger #3 ahead of schedule
- Construction of the Jabiluka mine commenced on 15 June 1998

Financial

Energy Resources of Australia Ltd (ERA) today announced a decrease of 34 per cent in profit after tax to $26.7 million for the year ended 30 June 1998 (1997: $40.4 million).

This decrease is a result of the lower average spot (market) price of US$11.23 per pound U_3O_8 for the year (1997: US$14.05 per pound U_3O_8, which affects something less than half of ERA's contracts. In 1997 the Company also received the benefit of a $8.5 million refund from the Ranger Rehabilitation Trust.

Profit after tax also included once-off tax related benefits of $3.3 million, the major component being the development allowance received for the Ranger #3 and mill expansion projects. Earnings before interest and tax decreased to $48.8 million (1997: $73.8 million)

Net debt increased during the year to $77.6 million at 30 June 1998 (1997: $68.2 million).

Capital expenditure for the year decreased to $26.3 million (1997: $73.6 million) with most of the work on the mill capacity expansion completed in 1997. Capital expenditure for 1998 was related to costs associated with the finalisation of the plant expansion, equipment purchase for the mining of Ranger #3, development of Jabiluka, commissioning of a dredge for tailings management and updating of the Company computer systems.

Dividends

ERA Directors today declared a final dividend for the year of 8.0 cents per share, fully franked at 36 per cent. The record date for the dividend is 9 September 1998 and it will be paid on 23 September 1998.

An interim fully franked dividend of 6.0 cents per share was paid in February 1998 bringing total dividends for the year to 14.0 cents per share (1997: 14.0 cents).

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Sales

Sales levels decreased to 4,927.8 tonnes U_3O_8 (1997: 5,420.6 tonnes U_3O_8). Sales of Ranger concentrates reached record levels for a second consecutive year at 4,635.3 tonnes U_3O_8 (1997: 3,956.3 tonnes), while sales of third party concentrates decreased to 292.5 tonnes U_3O_8 (1997: 1,464.3 tonnes U_3O_8). Sales revenue decreased to $201.3 million (1997: $230.6 million).

Sales are expected to be in line with production at between 5,000 and 5,500 tonnes U_3O_8 in 1998/99 and between 5,500 and 6,000 tonnes U_3O_8 in 1999/2000.

Seven new sales contracts were signed during the year, with contracts now in place for over 25,000 tonnes of production over the next ten years.

Operations

As previously reported production was adversely affected by chemical problems in the processing plant resulting in production of 4,161.9 tonnes U_3O_8 (1997: 4,236.9 tonnes U_3O_8). Accordingly unit costs of production increased, impacting on profit over 1997/98 (by just under $4 million). There was still remaining stock at the higher cost level at year end and this will be reflected in the costs for 1998/99 at about the same level.

The plant returned to 100 per cent capacity in mid-June and the Company now has a better understanding of the chemical problem and its ability to control it.

Production in 1997/98 had been expected to be around 5,000 tonnes U_3O_8 as a result of the capacity expansion of the plant, which performed above expectations in the first half of the year.

The Ranger #3 mining fleet performed well and mining is ahead of schedule, and is expected to be completed in 2004.

The Company commenced construction of the Jabiluka mine on 15 June 1998 and is now awaiting the Commonwealth Government's decision on the Jabiluka Mill Alternative Public Environment Report (PER). At the request of Environment Australia, ERA granted an extension in time for the consideration of this Report to 25 August 1998. The Minister for the Environment will give his advice to the Minister for Resources and Energy on or before that day with the Minister for Resources and Energy subsequently his final decision on the PER.

Year 2000 project

The Year 2000 Compliance project commenced in the second half of the calendar year 1997 with an initial audit conducted by external consultants completed in mid 1998. The Company has assembled a multi-disciplinary project team to manage the required work.

The identification and initial risk assessment phase has been completed and the next phase of developing test plans has commenced. This phase is scheduled for completion by end of 1998 and will be followed by a remedial phase due for completion by mid 1999.

Outlook

The Company expects the uranium spot price to remain stable over the short-term and increase over the long-term.

Asia remains the largest growth market for uranium, with 10 nuclear power facilities under construction and plans for the development of a further 60 reactors. The Asian economic crisis is presently believed to be unlikely to have a significant effect on these long-term plans as nuclear power is baseload and an essential part of the power mix.

For further information:
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