ERA Energy Resources of Australia Ltd
ABN 71 008 550 865

Media Release and
ASX Announcement

19-Aug-1999

ERA Full Year Results

1998/1999 financial year

- Earnings before interest and tax decreased by 6 per cent to $45.8 million
- Profit after tax decreased by 18 per cent to $21.9 million
- An 11.0 cent fully franked final dividend declared, maintaining a total dividend of 14.0 cents
- Sales revenue decreased by 14 per cent to $172.9 million
- Sales of Ranger material of 4,006 tonnes U_3O_8
- Four new sales contracts signed
- Ranger production of 4,374.9 tonnes U_3O_8
- Mining of Ranger #3 ahead of schedule
- The first stage of the Jabiluka mine development was completed under budget and ahead of schedule.

Financial

Energy Resources of Australia Ltd (ERA) today announced a decrease of 6 per cent in earnings before interest to $45.8 million (1998: $48.8 million) for the year ended 30 June 1999. Profit after tax decreased by 18 per cent to $21.9 million (1998: $26.7 million).

The decrease can be attributed to:

- lower sales and the lower average spot (market) price of US$10.07 per pound $U_3O_8$for the year (1998: US$11.23 per pound U_3O_8), which affects less than half of ERA's current revenue even though ERA sells primarily on the long term market;
- a small increase in interest; and
- increased tax compared to the 1998 financial year in which a once-off tax benefit of $3.3 million was received.

However these factors were offset slightly by:

- an 8 per cent reduction in the unit cost of production (which is expected to be sustainable) as a result of a comprehensive cost reduction program and process improvements; and
- the inclusion in income of a refund of $1.3 million (1998: nil) from the Ranger Rehabilitation Trust Fund. This fund has been set up to ensure all costs of rehabilitation of the Ranger Project Area are fully funded and the cost at 31 March 1999 was estimated to be $29.8 million.

Net debt decreased during the year to $72.4 million at 30 June 1999 (1998: $77.6 million).

Capital expenditure for the year increased to $45 million (1998: $26.3 million) mainly relating to costs associated with the development of Jabiluka, upgrading of the Ranger Mill acid plant and updating of the Company computer systems.

Dividends

ERA Directors today declared a final dividend for the year of 11.0 cents per share, fully franked at 36 per cent. The record date for the dividend is 8 September 1999 and it will be paid on 22 September 1999.

An interim fully franked dividend of 3.0 cents per share was paid in February 1999 maintaining the total dividend for the year at 14.0 cents per share (1998: 14.0 cents).

Sales

Ranger sales levels decreased to 4,006 tonnes U_3O_8 (1998: 4,635.3 tonnes U_3O_8. The reduction in sales was a result of several existing customers exercising their option to reduce their purchases for the year.

Darwin Office POBox 36646 Winnellie NT 0821 Australia Tel: 08 8935 1900 Fax: 08 8935 1910
Ranger Mine Locked Bag 1, Jabiru NT 0886 Australia Tel: (08) 8938 1211 Fax: (08) 8938 1203
Web Site www.energyres.com.au

In addition to the Ranger sales in 1998 there were third party sales of 292.5 tonnes U_3O_8 (1999 total sales: 4,006 tonnes U_3O_8 1998 total sales: 4,927.8 tonnes U_3O_8.

Sales revenue was $172.9 million (1998: $201.3 million). Sales are expected to improve in 2000/01.

Four 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

Full year production increased to 4,374.9 tonnes U_3O_8 (1998: 4,161.9 tonnes U_3O_8. In the previous twelve month period the Ranger mill experienced chemical difficulties which caused a reduction in annualised production. For the period from July 1998 to December 1998 the mill ran at an annualised rate of 5,200 tonnes. Effective January 1999, the Company reduced production of its Ranger Mill to an annualised rate of 4,000 tonnes by temporarily shutting down the second ball mill until the market outlook improves.

The first stage of the Jabiluka mine development was completed on 4 July 1999 under budget and ahead of schedule. This stage included 1,870 metres of underground work, including a 1,150 metre long decline. At the bottom of the decline, level tunnels have been developed to access the orebody.

A six week core sampling process will be completed in August 1999 after which the development will enter a six to twelve month design phase encompassing additional mine planning and further environmental, safety and cultural studies.

With the retirement of Mr Campbell Anderson on 31 December 1998, ERA announced the appointment of Mr Malcolm Broomhead as Chairman of the ERA Board of Directors. Mr Timothy Knott was appointed to the Board on 1 January 1999. Mr Robert Cleary was appointed as ERA's Chief Executive on 15 July 1999, replacing Mr Phillip Shirvington.

On 12 July 1999 the World Heritage Committee, by a majority of 20 to one, confirmed that the Jabiluka Project would not cause Kakadu's world heritage status to be placed in danger. The Company agreed to phase Jabiluka into production as Ranger mine production is phased out. On this basis, limited ore processing is expected to commence from Jabiluka in 2001.

Year 2000 project

ERA has undertaken work to ensure the Company, its major business partners and utility customers are not exposed to risks involved with the change over to the Year 2000 which could have a material effect on the Company.

ERA's Year 2000 Project had the objective of being substantially ready for the 1 January 2000, by 30 June 1999. This has been achieved with only the replacement of certain systems to interface with the Mincom Information Management System (M.I.M.S) running into the third quarter of 1999. ERA's overall assessment is that the Company has achieved at least 95 percent readiness at 30 June 1999. It is the company's expectation that by 30 September 1999 this figure will have reached at least 98 percent with only refinement of contingency plans and activities for the year-end transition still outstanding. Current expectations are that the cost of the program will be $0.6 million.

Because of the diversity and intricacy of the project it is considered unlikely that ERA would ever claim 100 percent readiness. Nonetheless the Directors are confident that all major risks have been adequately addressed and the level of exposure has been reduced to acceptably low levels.

Outlook

Directors remain cautiously optimistic in the short-term and Asia remains the largest growth market for uranium, with 15 nuclear power facilities under construction and plans for the development of more than 50 additional reactors.

For further information:
Investor queries: Gary Mallett, Company Secretary
PH: (02) 9256 8900

Media queries: Alison Con, Manager – Public Affairs
PH: (02) 9256 8900