

# **Appendix 4E**

## **Energy Resources of Australia Ltd**

ABN 71 008 550 865

ASX Preliminary final report – 31 December 2007

Lodged with the ASX under Listing Rule 4.3A

### **Contents**

Results for announcement to the market	2
Preliminary consolidated income statement	4
Preliminary consolidated balance sheet	5
Preliminary consolidated statement of changes in equity	6
Preliminary consolidated statement of cash flows	7
Additional information for announcement to the market	8
Notes to the preliminary consolidated financial statements	9

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Results for announcement to the market**

				2007	2006
				\$000	\$000
<b>Revenue</b> from ordinary operations	<b>up</b>	14%	to	362,353	317,190
<b>Profit/(loss)</b> from ordinary activities after tax attributable to members	<b>up</b>	74%	to	76,089	43,607
<b>Net profit/(loss)</b> for the period attributable to members	<b>up</b>	74%	to	76,089	43,607
<b>EPS</b> (cents)				39.9	22.9

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Final dividend	20 cents	30%

**Record date** for determining entitlements to the dividend

15 February 2008

These financial results have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). The currency referenced in this report is Australian dollars, unless otherwise stated.

**Review of operations**

The net profit after tax for the consolidated entity for the year ended 31 December 2007 was \$76.1 million (2006: \$43.6 million). Earnings before interest and tax (EBIT) were \$108.0 million (2006: \$68.7 million).

Revenue from ordinary activities for the year was \$362.4 million (2006: \$317.2 million). Sales of uranium for the year were 5,324 tonnes (2006: 5,760). ERA met all delivery commitments by the end of 2007 and *force majeure*, declared after the February/March weather event, has now been lifted. ERA had no short term uranium loans outstanding at the end of the year (2006: 316 tonnes).

ERA's contractual sale price is only partially influenced by the spot market due to its diversified sales contract portfolio. The average realised sale price of uranium oxide was US\$25.06/lb (2006: US\$18.36/lb). On 31 December 2007 the spot market price was US\$89.50/lb (2006: US\$72.00/lb).

ERA's effective A\$:US\$ exchange rate in 2007 negatively impacted revenue by approximately A\$38.6 million when compared with ERA's effective 2006 exchange rate. The company settled US\$40 million (2006: US\$42 million) in forward exchange contracts during the year at an average A\$:US\$ exchange rate of 65 cents (2006: 65 cents) resulting in a gain of A\$12.9 million (2006:A\$8.4 million). No new currency exchange contracts were entered into during the year.

Improved operational performance and an increase in grade of ore mined resulted in annual production in 2007 of 5,412 tonnes, 14 per cent higher than 2006 (2006: 4,748 tonnes). The 2007 annual production is the second highest annual production on record for the Ranger mine.

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

## Results for announcement to the market

While revenues rose as a consequence of the rise in the average realised price, this was partially offset by a rise in employee and contractor numbers and associated costs, and increased expenditure on key consumables, particularly sulphuric acid. ERA also incurred increased costs associated with the removal of water from the operational pit associated with the severe weather event in the first quarter of 2007. In addition, the costs associated with pre-feasibility into Ranger expansion options were expensed.

Capital spending rose in 2007 as a result of the investments in the pit expansion, radiometric sorting plant, laterite plant and a new crushing and screening facility. In addition, as a result of the exceptionally heavy rainfall at the Ranger mine in the March quarter of 2007 that resulted in elevated water levels in the operational pit and the tailings storage areas, ERA took a number of mitigation measures. These included the expansion of irrigation capacity, raising the wall of the tailings storage facility, and commencing the expansion of the current water treatment plant.

Expenditure on exploration and evaluation for 2007 was \$14.1 million (2006: \$7.2 million). The increased activity was achieved through the deployment of additional rigs along with drilling throughout the wet season.

ERA remains in discussions with insurers regarding cost recovery and business interruption claims following Cyclone Monica in 2006, and the weather event of February/March 2007.

### Dividends

ERA Directors have declared a final dividend for the year of 20 cents per share, fully franked at 30 per cent. The record date for the dividend is 15 February 2008 and it will be paid on 29 February 2008. There was no interim dividend paid in 2007. The total dividends paid to shareholders for the year of 2007 will be 20 cents per share, fully franked (2006: 17 cents per share).

### Outlook

ERA expects sales in 2008 to be similar to 2007, possibly accompanied by a modest replenishment of inventory in the logistics chain.

The \$57 million mine expansion announced in September 2007 is currently on budget and ahead of schedule. The first new trucks have arrived and mining rates will increase from the first quarter of 2008. This expansion will result in the additional employment of 45 people at Ranger. The laterite treatment and radiometric sorting plants will also be commissioned in the middle of 2008. The estimated costs to complete the laterite treatment and radiometric sorting plants have increased to \$34.0 million and \$17.1 million respectively (prior estimates: \$27.6 million and \$13.2 million) as a result of changes in scope to optimise the designs, along with cost pressures in the mining construction market.

In 2008 ERA will complete expansion of the current water treatment plant and commence treatment of process water. A study is underway to examine options to increase treatment rates of both pond and process water and this may result in the construction of further water treatment facilities.

The pre-feasibility study, announced in September 2007 to examine options to further expand operations, is progressing well and will be completed in mid 2008. The cost of the pre-feasibility study is \$10 million.

Looking forward, the outlook for uranium demand appears positive. ERA continues to position itself to benefit from this by seeking opportunities to add value by expanding production and extending the duration of output from resources available to ERA.

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Preliminary consolidated income statement**

	2007 \$000	2006 \$000 Restated
<b>Revenue from continuing operations</b>	<b>362,353</b>	<b>317,190</b>
Changes in inventories	48,548	4,701
Raw materials and consumables used	(89,379)	(78,009)
Employee benefits and contractor expenses	(121,816)	(99,243)
Government and other royalties	(18,298)	(15,997)
Commission and shipping expenses	(9,758)	(11,314)
Depreciation and amortisation expenses	(45,644)	(33,645)
Borrowing costs	(13,871)	(10,989)
Statutory and corporate expenses	(5,021)	(3,900)
Other expenses	(8,748)	(6,547)
<b>Profit before income tax expense</b>	<b>98,366</b>	<b>62,247</b>
Income tax expense	(22,277)	(18,640)
<b>Net profit attributable to members of Energy Resources of Australia Ltd</b>	<b>76,089</b>	<b>43,607</b>

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Preliminary consolidated balance sheet**

	2007 \$000	2006 \$000 Restated
<b>Current assets</b>		
Cash assets	17,729	14,629
Receivables	131,206	104,632
Inventories	87,254	76,287
Derivative financial instruments	16,621	10,645
Other	1,201	1,072
<b>Total current assets</b>	<b>254,011</b>	<b>207,265</b>
<b>Non-current assets</b>		
Inventories	107,154	74,425
Undeveloped properties	203,212	203,212
Property, plant and equipment	368,612	325,957
Investments – Trust Fund	48,088	44,953
Derivative financial instruments	4,275	13,476
<b>Total non-current assets</b>	<b>731,341</b>	<b>662,023</b>
<b>Total assets</b>	<b>985,352</b>	<b>869,288</b>
<b>Current liabilities</b>		
Payables	48,725	37,285
Interest bearing liability	55,500	5,000
Current tax liabilities	19,769	11,129
Deferred income	10,192	-
Provisions	9,254	7,752
<b>Total current liabilities</b>	<b>143,440</b>	<b>61,166</b>
<b>Non-current liabilities</b>		
Other liabilities	-	10,305
Deferred tax liabilities	50,245	65,586
Provisions	185,646	179,740
<b>Total non-current liabilities</b>	<b>235,891</b>	<b>255,631</b>
<b>Total liabilities</b>	<b>379,331</b>	<b>316,797</b>
<b>Net assets</b>	<b>606,021</b>	<b>552,491</b>
<b>Shareholders' equity</b>		
Share capital	214,585	214,585
Reserves	406,407	407,985
Retained profits	(14,971)	(70,079)
<b>Total shareholders' equity</b>	<b>606,021</b>	<b>552,491</b>

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Preliminary consolidated statement of changes in equity**

	2007 \$'000	2006 \$'000
<b>Total equity at the beginning of the year</b>	552,491	539,764
Changes in fair value of cash flow hedges, net of tax	(2,186)	571
<b>Net income/(expense) recognised directly in equity</b>	<b>(2,186)</b>	<b>571</b>
Profit for the year	76,089	43,607
<b>Total recognised income and expense for the year</b>	<b>73,903</b>	<b>44,178</b>
Employee share options	608	974
Dividends paid	(20,981)	(32,425)
<b>Total equity at the end of the year</b>	<b>606,021</b>	<b>552,491</b>

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Preliminary consolidated statement of cash flows**

	2007 \$000	2006 \$000
	<b>inflows/ (outflows)</b>	<b>inflows/ (outflows)</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	352,798	308,023
Payments to suppliers and employees (inclusive of good and services tax)	(254,243)	(200,897)
	98,555	107,126
Interest received	1,087	2,163
Borrowing costs paid	(3,831)	(1,026)
Income taxes paid	(28,977)	(33,315)
<b>Net cash inflow from operating activities</b>	<b>66,834</b>	<b>74,948</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(92,930)	(40,927)
Proceeds from sale of property, plant and equipment	195	-
<b>Net cash outflow from investing activities</b>	<b>(92,735)</b>	<b>(40,927)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	78,500	5,000
Payment of borrowings	(28,000)	(10,000)
Employee share option	(425)	-
Dividends paid	(20,981)	(32,425)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>29,094</b>	<b>(37,425)</b>
<b>Net (decrease)/increase in cash held</b>	<b>3,193</b>	<b>(3,404)</b>
Cash at the beginning of the financial year	14,629	18,123
Effects of exchange rate changes on cash	(93)	(90)
<b>Cash at the end of the financial year</b>	<b>17,729</b>	<b>14,629</b>

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Additional information for announcement to the market**

<b>Additional dividend/distribution information</b>					
Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2007 are as follows:					
Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
15 February 2008	29 February 2008	Final	20.0 cents	\$38.148 m	20.0 cents

<b>Retained earnings</b>	2007 \$'000	2006 \$'000
Retained earnings at the beginning of the financial year	(70,079)	(81,261)
Net profit attributable to members of Energy Resources of Australia Ltd	76,089	43,607
Dividends provided for or paid	(20,981)	(32,425)
Retained profits at the end of the financial year	<u>(14,971)</u>	<u>(70,079)</u>

<b>NTA Backing</b>	2007	2006
Net tangible asset backing per ordinary share	3.2	2.9

**Audit**

This report is based on accounts that are in the process of being audited.

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Notes to the preliminary consolidated financial statements**

<b>Note 1. Revenue</b>	2007 \$000	2006 \$000
<b>Revenue from continuing operations</b>		
<i>Sales revenue</i>		
Sale of goods	356,511	311,285
Rendering of services	569	510
Total sales revenue	<u>357,080</u>	<u>311,795</u>
<i>Other revenue</i>		
Interest received/receivable, other parties	4,222	4,492
Rent received	986	903
Net gain on sale of property, plant and equipment	65	-
Total other revenue	<u>5,273</u>	<u>5,395</u>
<b>Total revenue from continuing operations</b>	<u><b>362,353</b></u>	<u><b>317,190</b></u>

<b>Note 2. Operating Profit</b>	2007 \$000	2006 \$000
Profit before income tax includes the following specific expenses:		
Cost of sales	<u>187,015</u>	<u>194,522</u>
Amortisation		
Ranger Project Rights	11,424	11,419
Rehabilitation asset	1,545	1,923
Total amortisation	<u>12,969</u>	<u>13,342</u>
Depreciation		
Mine land and buildings	3,234	3,599
Plant and equipment	29,441	16,704
Total depreciation	<u>32,675</u>	<u>20,303</u>
Net exchange (gain)/loss on translation of US\$ bank accounts	376	(10)
Royalty payments	4,159	3,636
Payments to Aboriginal interests	14,139	12,361
Rental expense relating to operating leases	245	200
Borrowing costs:		
Related parties	1,539	446
Other parties	2,291	579
Rehabilitation provision	10,041	9,964
Impairment of assets:		
Inventories – stores and spares	360	245
Property, plant and equipment	-	4,752
Research and development expenditure	20,934	8,236
Defined contribution superannuation expense	3,761	3,519
Net loss on sale of property, plant and equipment	-	537

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Notes to the preliminary consolidated financial statements**

**Note 3.  
Reclassification of comparative information**

Energy Resources of Australia Ltd has reclassified the following financial information for the comparative period in order to correct prior period classification errors and improve the relevance and reliability of the information presented.

<b>Reclassification of comparative information</b>	Reported during 2006 \$000	Adjustment on reclassification \$000	Reported during 2007 \$000
<b>Income Statement</b>			
Changes in inventories	(25,558)	30,259	4,701
Raw materials and consumables used	(48,675)	(29,334)	(78,009)
Employee benefits and contractor expense	(80,868)	(18,375)	(99,243)
Statutory and corporate expenses	(21,162)	17,262	(3,900)
Other expenses	(6,735)	188	(6,547)
<b>Balance Sheet</b>			
Current inventories	90,117	(13,830)	76,287
Non-current inventories	60,595	13,830	74,425

<b>Note 4.  Reconciliation of income tax expense prima facie tax payable</b>	2007 \$000	2006 \$000
Operating profit before income tax	98,366	62,247
Prima facie income tax expense @ 30%	29,510	18,674
Tax effect of permanent differences:		
R&D tax concession	(6,520)	(1,842)
Amortisation of rehabilitation asset	464	577
Other non-allowable items	1,067	845
Income tax over/(under) provided in prior years	(2,244)	386
Income tax expense	22,277	18,640

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Notes to the preliminary consolidated financial statements**

<b>Note 5.</b>		
<b>Reconciliation of profit after income tax to net cash inflow from operating activities</b>	<b>2007</b>	<b>2006</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the year	76,089	43,607
Add/(less) items classified as investing/financing activities:		
(Profit)/loss on sale of non-current assets	(65)	537
Add/(less) non-cash items:		
Depreciation and amortisation	45,644	33,645
Rehabilitation provision: unwinding of discount	10,041	9,964
Employee benefits – share based payments	1,033	974
Unrealised foreign exchange on US\$ bank accounts	(106)	(632)
Net exchange differences	93	90
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other debtors	(26,575)	(3,952)
(Increase)/decrease in inventories	(43,697)	(1,129)
(Increase)/decrease in prepayments	(130)	(312)
(Increase)/decrease in other operating assets	(3,135)	(2,328)
(Decrease)/increase in trade creditors	11,336	9,954
(Decrease)/increase in provision for income tax payable	8,641	(7,483)
(Decrease)/increase in net provision for deferred tax liability and deferred tax asset	(15,340)	(7,467)
(Decrease)/increase in other provisions/liabilities	3,005	(520)
<b>Net cash inflow provided from operating activities</b>	<b>66,834</b>	<b>74,948</b>

Energy Resources of Australia Ltd  
Year ended 31 December 2007  
(Previous corresponding period:  
Year ended 31 December 2006)

**Notes to the preliminary consolidated financial statements**

**Note 6.  
Segment information**

<b>2007</b>	Uranium \$000	Consulting \$000	Eliminations \$000	Consolidated \$000
Sales to external customers	356,511	569	-	357,080
Inter-segment sales	-	4,539	(4,539)	-
<b>Total sales revenue</b>	<b>356,511</b>	<b>5,108</b>	<b>(4,539)</b>	<b>357,080</b>
Other revenue	5,230	43	-	5,273
<b>Total segment revenue</b>	<b>361,741</b>	<b>5,151</b>	<b>(4,539)</b>	<b>362,353</b>
Segment result before tax	98,871	(505)	-	98,366
Income tax expense				(22,277)
<b>Profit for the year</b>				<b>76,089</b>
Total assets	990,899	5,537	(11,084)	985,352
Total liabilities	383,970	6,345	(10,984)	379,331
Acquisition of non-current assets	92,731	199	-	92,930
Depreciation & amortisation expense	45,590	54	-	45,644
<b>2006</b>	Uranium \$000	Consulting \$000	Eliminations \$000	Consolidated \$000
Sales to external customers	311,285	510	-	311,795
Inter-segment sales	-	2,488	(2,488)	-
<b>Total sales revenue</b>	<b>311,285</b>	<b>2,998</b>	<b>(2,488)</b>	<b>311,795</b>
Other revenue	5,390	5	-	5,395
<b>Total segment revenue</b>	<b>316,675</b>	<b>3,003</b>	<b>(2,488)</b>	<b>317,190</b>
Segment result before tax	62,957	(710)	-	62,247
Income tax expense				(18,640)
<b>Profit for the year</b>				<b>43,607</b>
Total assets	870,087	390	(1,189)	869,288
Total liabilities	317,113	773	(1,089)	316,797
Acquisitions of non-current assets	45,271	(45)	-	45,226
Depreciation & amortisation expense	33,442	203	-	33,645