

**ERA****Energy Resources of Australia Ltd**

ABN 71 008 550 865

**Media Release and
ASX Announcement**

31 July 2009

HALF-YEAR RESULTS 2009

	Half year ended 30 June 2009	Half year ended 30 June 2008	Change
Revenue - sales of uranium oxide (\$ million)	336.1	143.5	+134%
Revenue – total (\$ million)	347.0	167.4	+107%
Earnings before interest and tax (\$ million)	176.1	54.4	+224%
Underlying earnings (\$ million)	127.6	33.9	+276%
Net profit after tax (\$ million)	127.6	38.9	+228%
Interim dividend (cents per share)	14.0	8.0	+75%
Uranium oxide			
- production (tonnes drummed)	2,695	2,357	
- production (thousand pounds drummed)	5,942	5,196	+14%
Uranium oxide			
- sales (tonnes)	2,280	1,746	
- sales (thousand pounds)	5,025	3,849	+31%

Review of operations

ERA's net profit after tax and underlying earnings for the half year ended 30 June 2009 was a record \$127.6 million compared with a net profit after tax of \$38.9 million for the same period in 2008, and compared with ERA's record full year underlying earnings in 2008 of \$119.0 million. Earnings before interest and tax (EBIT) were \$176.1 million (June 2008: \$54.4 million).

Total revenues increased for the period to a record \$347.0 million (June 2008: \$167.4 million), while revenues from sales of uranium oxide rose to a record \$336.1 million (June 2008: \$143.5 million).

Sales were higher for the period at 2,280 tonnes (June 2008: 1,746 tonnes). ERA's average realised sales price is only partially influenced by the current market prices due to its diversified and long term sales contract portfolio. The average realised sales price of uranium oxide for the six months to June 2009 was US\$48.02 per pound (June 2008: US\$35.69 per pound). On 30 June 2009, the average long term market price was US\$65.00 per pound and the average spot price was US\$51.50 per pound.

Note: All currency mentioned in this release is Australian currency, unless otherwise stated.



The weakening of ERA's realised A\$:US\$ exchange rate to 71.80 cents (June 2008: 95.69 cents) and the pre-tax hedging gain of \$2.0 million (June 2008: \$14.5 million) increased sales revenues by \$85.9 million compared to the first half of 2008. The company's last remaining forward exchange contracts were exercised during the period at an average A\$:US\$ exchange rate of US57 cents (June 2008: US66 cents), and no new currency exchange contracts were entered into.

Uranium oxide production for the June 2009 half year of 2,695 tonnes (June 2008: 2,357 tonnes) was 14 per cent higher than the first half of 2008. This was primarily due to higher average grades, at 0.29 per cent uranium oxide compared to 0.26 per cent in the corresponding period of 2008 and increased throughput (1.09 million tonnes of ore processed compared to 1.05 million tonnes in the first half of 2008). The laterite processing plant and the radiometric sorter are both now integrated in the processing operations, with the laterite plant contributing to production during the June 2009 half year.

Mine production during the June 2009 half year of 10.00 million tonnes total material mined was 14 per cent higher than during the June 2008 half year, due to better mining conditions in consequence of the lower than average wet season in 2009, and a full six months contribution from the expanded mining fleet commissioned during the first half of 2008. Ore mined during the first half of 2009 at 0.99 million tonnes was 35 per cent lower than the corresponding period in 2008, primarily due to mine sequencing.

While revenues rose during the period, this was partially offset by a rise in raw materials and consumables costs, employee and contractor expenses, government royalties and depreciation expense. Raw materials and consumables costs increased as a result of the increased production together with the impact of exchange rates on USD denominated purchases, partially offset by usage efficiencies. Employee and contractor costs remain up primarily due to the continued expansion of mining operations and the progression of project prefeasibility studies. The increased revenues resulted in an increased contribution of \$11 million to government and other royalties. The completion of major capital projects early in 2009 has seen increased depreciation charges incurred.

Capital expenditure of \$18.5 million in the 2009 first half was considerably lower than in 2008 (June 2008 : \$92.9 million), when the Company was investing in a number of projects including the pit expansion, the radiometric sorting plant and the laterite treatment plant.

Exploration and Evaluation

During the half year, ERA invested a pre-tax amount of \$14.0 million on exploration and evaluation, and this was expensed to the profit and loss account.

ERA's exploration programme has continued to be focussed on the Ranger 3 Deeps ore body, with a current resource of around 34,000 tonnes of uranium oxide. On 16 July, ERA announced that the proposed Ranger 3 Deeps exploration decline project, to conduct close spaced underground exploration drilling to further evaluate the extent and continuity of the Ranger 3 Deeps ore body, will not be subject to further environmental assessment under the Northern Territory *Environmental Assessment Act* or the Commonwealth of Australia *Environmental Protection & Biodiversity Conservation Act*.



On 19 May 2009, ERA announced that the proposed heap leach facility at the Ranger operations, targeting the extraction of 15,000 to 20,000 tonnes of uranium oxide contained in low grade mineralised material currently on the stockpiles and yet to be mined, would be subject to environmental assessment under the *Environmental Assessment Act* and the *Environmental Protection & Biodiversity Conservation Act*, at the level of an Environmental Impact Statement. The Northern Territory and Commonwealth governments have not yet released the draft guidelines for the Environmental Impact Statement for public comment.

Dividends

The ERA directors have declared an interim dividend in respect of the 2009 financial year of 14 cents per share (8 cent interim dividend in 2008), fully franked at 30 per cent. The ex-dividend date will be 10 August 2009. The dividend will be paid to shareholders on the register at the close of business on Friday 14 August 2009, and it will be paid on Friday 28 August 2009.

ERA directors declared a final dividend of twenty cents per share for the 2008 financial year. This dividend was paid on 27 February 2009, bringing the total dividends paid to shareholders for the 2008 financial year to 28 cents per share, fully franked.

Outlook

Consistent with the guidance provided in January 2009, full year production is expected to be in line with normal levels, while total sales tonnes in 2009 are still expected to be slightly higher than in 2008, with sales volumes higher in the second half.

The average realised sales price during the second half of 2009 is expected to remain at levels similar to the first half, subject to the precise timing of sales deliveries during the period and significant movements in the long term and spot market prices for uranium oxide. Contracts are generally denominated in US\$ and therefore the A\$:US\$ exchange rate will impact sales revenues in the second half of 2009.

Evaluation studies on the Ranger 3 Deeps exploration decline project will continue towards a decision on the construction of the decline in early 2010. As studies on the proposed heap leach facility are continuing, ERA will work in parallel towards the completion of the necessary Environmental Impact Statement once guidelines are released by the Northern Territory and Commonwealth governments. Current projections remain that ERA has sufficient cash on hand to take these studies and projects at least to bankable feasibility level without the need for further financing.

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For further information on the company's activities please access ERA's website at

<http://www.energyres.com.au>
