

Results for announcement to the market

Appendix 4E

Energy Resources of Australia Ltd

ABN 71 008 550 865

ASX Preliminary final report – 31 December 2009

Lodged with the ASX under Listing Rule 4.3A

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Energy Resources of Australia Ltd
Year ended 31 December 2009
(Previous corresponding period:
Year ended 31 December 2008)

Results for announcement to the market

				2009	2008
				\$000	\$000
Revenue from sales of uranium	up	55%	to	767,825	495,557
Revenue from continuing operations	up	55%	to	780,643	504,050
Profit/(loss) from continuing operations after tax attributable to members	up	23%	to	272,574	221,785
Net profit/(loss) for the period attributable to members	up	23%	to	272,574	221,785
EPS (cents)	up	23%	to	142.9	116.3
Underlying earnings	up	129%	to	272,574	118,998

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	25 cents	100%

Record date for determining entitlements to the dividend 19 February 2010

These financial results have been prepared in accordance with the Australian equivalent to International Financial Reporting Standards (AIFRS).

Review of operations

Net profit after tax for Energy Resources of Australia Ltd ("ERA") for the year ended 31 December 2009 was a record \$272.6 million (2008: \$222 million). Earnings before interest and tax (EBIT) were \$374.8 million (2008: \$318.0 million).

In 2009 underlying earnings of \$272.6 million were the same as net profit after tax. In 2008, underlying earnings were \$119 million, with net profit benefiting from an insurance settlement related to events in 2006 and 2007 partially offset by exchange losses on US dollar debt.

Reconciliation of net earnings to underlying earnings

All after tax figures in \$ million

	2009	2008
Profit for the year	272.6	221.8
Non-recurring income/(expenses)		
Insurance recoveries	-	131.4
Exchange gains/(losses) on US dollar debt	-	(28.6)
Total excluded from underlying earnings	-	102.8
Underlying earnings	<u>272.6</u>	<u>119.0</u>

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Sales of uranium oxide for the year were 5,497 tonnes (2008: 5,272 tonnes), the third highest in ERA's history. Revenue from the sale of uranium oxide for the year was a record \$767.8 million (2008: \$495.6 million), while total revenue and other income rose to a record \$780.6 million (2008: \$691.8 million).

Revenues from the sale of uranium oxide increased by \$272.2 million when compared with 2008 mostly due to an increase in the average realised sales price. The average realised sales price of uranium oxide was US\$50.84 per pound (2008: US\$32.53 per pound). ERA's average realised sales price is only partially influenced by current market prices due to its diversified portfolio of contracts containing a range of pricing mechanisms. At the end of December 2009, the average spot market price was US\$44.50 per pound (2008: US\$52.50 per pound) and the average of the long term price indicators was US\$61.00 per pound.

Employee, contractor, royalties and depreciation expenses were higher in 2009 compared to 2008, partially offset by savings in raw materials and consumables. Significant savings were seen in borrowing costs due to ERA's strong cash position in 2009 and the absence of the adverse exchange impact from the US denominated debt seen in 2008. ERA remained debt free in 2009.

All remaining forward exchange contracts were exercised in January 2009. No new currency exchange contracts were entered into during the year. ERA's average realised exchange rate on sales revenues was US 80.5 cents in 2009, against US 79.3 cents in 2008.

Production in 2009 of 5,240 tonnes was in line with production from previous years (2007: 5,412 tonnes; 2008: 5,339 tonnes). The 2009 annual production was achieved due to consistently strong performance in the processing plant through the year.

Capital spending was lower in 2009, reducing to \$33.7 million (2008: \$166.8 million), with projects completed including ERA's investment in a further tailings dam lift, enhancements to the water treatment plant and improvements to the tailings systems.

Sustainable Development

During 2009, ERA achieved record safety performance with a 33 percent decrease in the All Injury Frequency Rate to 0.68 per 200,000 hours worked, ERA celebrated the milestone of 100 Indigenous employees, and the Commonwealth Supervising Scientist confirmed the surrounding environment remained protected.

Exploration and Evaluation

During the year ERA invested a pre-tax amount of \$30.3 million on exploration and evaluation (2008: \$29 million) and this was expensed to profit and loss from continuing operations.

Work has continued on the feasibility study for the proposed heap leach facility at the Ranger mine, for the extraction of 15,000 to 20,000 tonnes of uranium oxide contained in low grade mineralised material within the current pit and on existing stockpiles. ERA's draft Environmental Impact Statement for the proposed heap leach facility is expected to be submitted in 2010, as part of the formal environmental assessment process under the Northern Territory *Environmental Assessment Act* and the Commonwealth of Australia *Environment Protection & Biodiversity Conservation Act*.

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Separate studies are advancing regarding the Ranger 3 Deeps mineral resource, including the development of an exploration decline to conduct close spaced underground exploration drilling to further evaluate the extent and continuity of the resource. These studies are expected to be complete during the middle of 2010, with a decision on the development of the exploration decline to be taken thereafter.

Dividends

ERA Directors have declared a final dividend for the year of 25 cents per share, fully franked (2008: 20 cents). The ex-dividend date will be 15 February 2010. The dividend will be paid to shareholders on the register at the close of business on Friday 19 February 2010 and will be paid on Friday 5 March 2010. An interim dividend of 14 cents per share (2008: 8 cents) was paid on 28 August 2009 bringing the total dividends payable to shareholders for the 2009 year to 39 cents per share, fully franked (2008: 28 cents per share).

Outlook

During 2009, ERA achieved the milestone of 100,000 tonnes of uranium oxide sold from Ranger, and into 2010 will continue its record as a safe, reliable and high quality uranium producer.

While in 2010 production, sales and average realised sales price are expected to remain broadly similar to 2009, production and sales will be significantly weighted towards the second half as an effect of mine sequencing, lower grades and scheduled maintenance in the processing plant in the first half. Higher expenditure on scheduled cyclical maintenance on the mining fleet, along with the expenditure on ERA's development projects, will adversely impact earnings over the year.

Subject to final approvals, ERA has a programme of significant investments in operational, capital and development opportunities planned for 2010 and 2011, to ensure sound and successful operations at Ranger and to lay a solid foundation for the company's future. This programme includes continuing exploration activity on the Ranger lease with particular focus on the Ranger 3 Deeps mineral resource.

Despite the level of the increased dividend, ERA retains sufficient cash on hand to progress this programme of investments without immediate recourse to further financing.

In summary, the outlook for uranium mining remains bright with a strong market and sustained government and public interest around the world in nuclear energy as a critical part of the mix in a carbon constrained economy.

Energy Resources of Australia Ltd
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Preliminary consolidated statement of comprehensive income

	2009 \$000	2008 \$000
Revenue from continuing operations	780,643	504,050
Other income	-	187,699
Total revenue	780,643	691,749
Changes in inventories	51,491	62,881
Raw materials and consumables used	(120,013)	(123,706)
Employee benefits and contractor expenses	(179,331)	(164,539)
Government and other royalties	(41,650)	(24,905)
Commission and shipping expenses	(13,936)	(9,166)
Depreciation and amortisation expenses	(66,602)	(47,277)
Financing costs	(11,191)	(56,465)
Statutory and corporate expense	(14,238)	(11,146)
Other expenses	(3,120)	(4,857)
Profit before income tax	382,053	312,569
Income tax expense	(109,479)	(90,784)
Profit for the year	272,574	221,785
Other comprehensive income		
Cash flow hedges	(1,705)	(19,191)
Income tax related to components of other comprehensive income	512	5,757
Other comprehensive income for the year, net of tax	(1,193)	(13,434)
Total comprehensive income for the year	271,381	208,351
Profit is attributable to:		
Owners of Energy Resources of Australia Ltd	272,574	221,785
Total comprehensive income for the year is attributable to:		
Owners of Energy Resources of Australia Ltd	271,381	208,351

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Preliminary consolidated balance sheet

	2009 \$000	2008 \$000
Current assets		
Cash and cash equivalents	253,672	106,894
Trade and other receivables	60,049	51,930
Inventories	134,376	116,374
Derivative financial instruments	-	1,705
Other	921	711
Total current assets	449,018	277,614
Non-current assets		
Inventories	182,786	146,614
Undeveloped properties	203,632	203,632
Property, plant and equipment	470,425	490,851
Investment in trust fund	53,270	51,698
Total non-current assets	910,113	892,795
Total assets	1,359,131	1,170,409
Current liabilities		
Payables	68,888	80,094
Current tax liabilities	52,248	84,864
Provisions	24,279	22,859
Total current liabilities	145,415	187,817
Non-current liabilities		
Deferred tax liabilities	48,429	39,783
Provisions	198,713	183,883
Total non-current liabilities	247,142	223,666
Total liabilities	392,557	411,483
Net assets	966,574	758,926
Equity		
Share capital	214,585	214,585
Reserves	390,859	390,934
Retained profits	361,130	153,407
Total equity	966,574	758,926

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Preliminary consolidated statement of changes in equity

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2008	214,585	406,407	(14,971)	606,021
Total comprehensive income for the year	-	(13,434)	221,785	208,351
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(53,407)	(53,407)
Employee share options - value of employee services	-	(2,039)	-	(2,039)
	-	(2,039)	(53,407)	(55,446)
Balance at 31 December 2008	214,585	390,934	153,407	758,926
Total comprehensive income for the year	-	(1,193)	272,574	271,381
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(64,851)	(64,851)
Employee share options - value of employee services	-	1,118	-	1,118
	-	1,118	(64,851)	(63,733)
Balance at 31 December 2009	214,585	390,859	361,130	966,574

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Preliminary consolidated statement of cash flows

	2009 \$000	2008 \$000
	inflows/ (outflows)	inflows/ (outflows)
Cash flows from operating activities		
Receipts from customers	802,988	677,209
Payments to suppliers and employees	(422,017)	(389,016)
Payment for exploration	(5,189)	(15,608)
	375,782	272,585
Insurance recoveries	-	187,699
Interest received	6,048	1,778
Borrowing costs paid	(1,301)	(25,932)
Income taxes paid	(131,731)	(30,394)
Net cash inflow from operating activities	248,798	405,736
Cash flows from investing activities		
Payments for property, plant and equipment	(37,076)	(166,817)
Proceeds from sale of property, plant and equipment	105	1,600
Net cash outflow from investing activities	(36,971)	(165,217)
Cash flows from financing activities		
Proceeds from borrowings	-	216,849
Payment of borrowings	-	(313,134)
Employee share option payments	(191)	(1,842)
Dividends paid	(64,851)	(53,407)
Net cash outflow from financing activities	(65,042)	(151,534)
Net (decrease)/increase in cash held	146,785	88,985
Cash at the beginning of the financial year	106,894	17,729
Effects of exchange rate changes on cash	(7)	180
Cash at the end of the financial year	253,672	106,894

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Notes to the preliminary consolidated financial statements

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2009 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
13 February 2009	27 February 2009	Final	20.0 cents	\$38.148 m	20.0 cents
10 August 2010	14 August 2010	Interim	14.0 cents	\$26.703 m	14.0 cents
19 February 2010	5 March 2010	Final	25.0 cents	\$47.685 m	25.0 cents

Retained earnings

	2009 \$'000	2008 \$'000
Retained earnings at the beginning of the financial year	153,407	(14,971)
Net profit attributable to members of Energy Resources of Australia	272,574	221,785
Dividends provided for or paid	(64,851)	(53,407)
Retained profits at the end of the financial year	<u>361,130</u>	<u>153,407</u>

Net Tangible Asset Backing

	2009	2008
Net tangible asset backing per ordinary share	5.1	4.0

Audit

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