



Financial Highlights

Result in \$'000	1985	1984	1983	1982*
Sales	233,779	246,136	261,178	145,992
Profit before tax	109,852	113,021	113,362	45,579
Income Tax Expense	53,395	55,534	55,969	7,721
Profit after tax	56,457	57,487	57,393	37,858
Earnings per share	13.8 cents	14.0 cents	14.0 cents	9.2 cents
Dividend	10.0 cents	12.5 cents	10.0 cents	4.0 cents
Total Assets	927,487	941,128	943,226	953,880
Issued Capital	410,000	410,000	410,000	410,000
Capital and Reserves	480,045	464,588	458,351	434,458

* for 9 months only to 30 June 1982

Operational Highlights

Five contracts signed with utilities in Belgium, the Republic of Korea and the United States of America.

Detailed engineering design to increase capacity of the plant to 4,500 tonnes U₃O₈ per annum underway.

Mine equipment upgraded as the pit deepened.

Metallurgical recovery improved to 92.45%.

E.R.A.'s largest shipment of uranium concentrates left Darwin in February 1985.

Construction of Stage III of the tailings dam started in June 1985.

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Cover Design

Cover photos depict activities associated with the Ranger uranium mine. From centre-top clockwise: view of the plant, collecting seeds, hydromulching areas to be revegetated, children at school in Jabiru, maintenance in the ore-treatment plant, crushing section of the ore-treatment plant and (centre) analysing samples in the environmental laboratory.

The special report, 'Safeguarding Ranger Uranium', enclosed at the back of this report, explains the national and international steps which are taken to ensure that Ranger uranium is used only for peaceful purposes.

Notice of Meeting

This report is to be presented at the Annual General Meeting of members of Energy Resources of Australia Ltd (E.R.A.) in the Ionic Room, The Masonic Centre, cnr. Castlereagh & Goulburn Streets Sydney, at 10.30 am on 17 October 1985. A Notice of Meeting and Proxy Form is enclosed.



An average of 4.5 million tonnes of material is mined each year, of which 1.1 million tonnes of ore are processed. The latter is crushed and sized on an intermittent basis preparatory to the continuous process of uranium extraction.



Board of Directors

Mr A L Morokoff, the Chairman since foundation in 1980, is an electrical engineer. He is Chairman of the Parliament House Construction Authority and Deputy Chairman of Lend Lease Corporation Ltd. Other directorships include IBM Australia Ltd, MLC Ltd, Eromanga Energy Ltd.

Mr F M Bethwaite is a civil engineer and has been a Director of E.R.A. since August 1984. He is the Managing Director of North Broken Hill Holdings Limited and is a Director of North Group subsidiary companies. He is also a Director of the Australian Mining Industry Council, Australian Mines and Metals Association, The Broken Hill Associated Smelters Pty Ltd and the Business Council of Australia.

Mr A C Copeman is a mining engineer and has been a Director since 1983. He is Chief Executive and Director of Peko-Wallsend Ltd, having held that position since 1982, and Chairman of Weeks Australia Ltd. He is also a Director of the Australian Mining Industry Council and Australian Mines and Metals Association.

Mr A W Hamer qualified as an industrial chemist and was previously Deputy Chairman and Managing Director of ICI Australia Ltd. He has been a Director of E.R.A. since 1980. He is a Director of EZ Industries Ltd, Woodside Petroleum Ltd, Tubemakers of Australia Ltd, Big J Ltd, Reckitt & Colman Australia Ltd, a Trustee of the R E Ross Trust and a member of the Board of Management of the Melbourne Theatre Company.

Mr K Ito, nominated by holders of 'C' Class Shares, has been a Director since 1980. He is Director and Executive Vice-President of the Kansai Electric Power Co Inc and Director and President of Japan Australia Uranium Resources Development Co Ltd (JAURD).

Mr G B Lean, Officer of the Legion of Honour, is a former chartered accountant. He was Chief Executive of Peko-Wallsend Ltd (1974-1978), Chairman of that company from 1978-1982 and remains a Director. He became a Director of E.R.A. in 1981 and is also a Director of Oil Search Ltd.

Mr L W Mueller, nominated by holders of 'B' Class Shares, has been a Director since 1980. He is also a Director of MAN Australia Pty Ltd, Seabridge Australia Pty Ltd, Interuranium Australia Pty Ltd, Parco Pty Ltd, Parco Penny Plate Pty Ltd, Selden Investments Pty Ltd and Saarberg Coal Australia Pty Ltd.

Sir Rupert Myers, KBE, has been a Director since 1981. He is a metallurgist and a former Vice-Chancellor of the University of New South Wales. He is Chairman of the New South Wales State Pollution Control Commission and of Technoproduct Resources Pty Ltd. Other directorships include CSR Ltd, Winston Churchill Memorial Trust in Australia, James N Kirby Foundation, A W Tyree Foundation and Earthwatch Australia.

Secretaries

B T Ross
J D Button

Chief Executive

B G Fisk

General Managers

P J Bradfield *Marketing*
T Gardner *Operations*
K B Lewington *Finance*

Managers

G B Allen *Administration & Finance*
J G Allen *Marketing*
J W Farthing *Development*
K S Freyberg *Treasurer*
J Leggate *Environment*
L T Nicholls *Planning*
P J Shirvington *Commercial*

Registered Office

c/- Stephen Jacques Stone James
6th Floor, Canberra House
40 Marcus Clarke Street
Canberra City ACT 2601
Telephone: (062) 48 5222

Principal Office

20 Bond Street
Sydney NSW 2000
Postal Address
GPO Box 4039
Sydney NSW 2001

Auditors

Coopers & Lybrand

Bankers

Commonwealth Bank of Australia
Westpac Banking Corporation

Chairman's Overview



Encouraging progress has been made in securing new long-term contracts. Despite the softness of the short-term market, Energy Resources of Australia Ltd (E.R.A.) has proven its ability to make sales in the medium and longer term. Following the successful negotiation of sales contracts reported last year with the Wisconsin Electric Power Company and the Virginia Electric and Power Company of the USA, E.R.A. this year negotiated five additional contracts, which have been approved by the Australian Government. These cover the supply of uranium concentrates to Synatom SA of Belgium, which I was able to announce at last year's annual general meeting, the American Electric Power Service Corporation, Pennsylvania Power and Light Company, another American power utility and the Korea Electric Power Corporation. Together with the positive trends of discussions with other power utilities, these contracts gave confidence to proceed with plans to increase plant capacity.

It is heartening that overseas shareholder-customers generally have indicated their support for the plant expansion. Those shareholders have rights to purchase 75% of the increased production from expansion. E.R.A. has been fully supported in its sales activities by the Australian Government and the relevant government departments.

The Ranger mining operation continued to perform efficiently during the year. Particularly pleasing was the further increase in metallurgical recovery. A considerable amount of work has been carried out in determining the capacity of the plant and the modifications necessary to increase production. Through relatively minor changes and additions to the existing plant, production can be raised to approximately 4,500 tonnes U_3O_8 per annum. This will give a considerable degree of flexibility for scheduling production and in the timing of the major expansion to a nominal capacity of 6,000 tonnes U_3O_8 per annum to meet expected future sales commitments. Detailed examination of various process options to achieve this latter expansion will be undertaken.

Prices for deliveries scheduled from 1 January 1985 under the majority of contracts decreased from previous levels to the Australian floor price. As most contracts are denominated in US dollars, E.R.A. gained from the devaluation of the Australian currency but, because some proceeds had been sold forward in previous periods, the full potential benefit was not achieved. In view of this, the profit of \$56,457,000 for the year was satisfactory.

As Australia's major uranium producer, which provided approximately 11.6% of the Western World's output during the year 1984, E.R.A. accepts a responsibility to present clearly details of certain aspects of the industry, particularly those which are sometimes misunderstood. A supplemental booklet to this annual report, entitled 'Safeguarding Ranger Uranium', gives a description of the nuclear safeguards regime and how it applies to the uranium concentrates E.R.A. exports. The application of safeguards provides assurance that Ranger uranium is only being used for peaceful purposes in generating electricity.

I would like again to thank the employees of E.R.A. and its subsidiary, Ranger Uranium Mines Pty Ltd, for their contribution to the results for the year.

A handwritten signature in black ink, which appears to read 'A. L. Morokoff'. The signature is stylized and written in a cursive-like font.

A L Morokoff
Chairman



Drummed uranium concentrates secured in ISO containers are transported by road train to Darwin for loading aboard ship.

Directors' Report

The Directors of Energy Resources of Australia Ltd (E.R.A.) submit the accounts and Group accounts for the financial year ended 30 June 1985 and report as follows:

Trading Result

Net consolidated profit after tax for the year was \$56,457,000 compared with \$57,487,000 in 1984. The amount provided for income tax during the year was \$53,395,000 (1984: \$55,534,000).

Average prices received for sales during the year were lower than in 1984. During the first three years of deliveries under the contracts with shareholder-customers, prices escalated from a base of US\$38 per pound U₃O₈. As from 1 January 1985, prices are determined annually by reference to long-term market prices but may not be lower than a specified floor price set by the Australian Government.

Sales revenues for the year totalled \$233.8 million. Production for the year was 3,037 tonnes U₃O₈ (1984: 3,099 tonnes), varying from quarter to quarter in accordance with the testing of plant capacity and with maintenance requirements.

The devaluation of the Australian dollar proved beneficial for E.R.A. as 92% of sales were in US dollars, the balance being in Australian currency. However, the benefit from the devaluation was limited because forward cover for the purchase of Australian dollars had been taken out over some sales proceeds.

Despite repayments of principal, devaluation of the Australian dollar has resulted in interest paid during the year, \$47.5 million, being only slightly below the \$48.3 million paid in 1984, though the average interest rate was lower.

Dividend

A dividend of \$20,500,000 was paid on 31 May 1985 and the Directors have declared a further dividend of \$20,500,000 which is payable on 29 November 1985. This amount has been included in the accounts for the year.

Other than those dividends and that of \$34,500,000, which was provided for in the accounts of the previous year and which was subsequently paid, no other amounts have been paid or declared by way of dividend since the end of the previous financial year.

Principal Activities

The principal activities of E.R.A. and its subsidiaries in the course of the financial year were the mining, processing and sale of uranium. There was no significant change in the nature of those activities during the financial year.

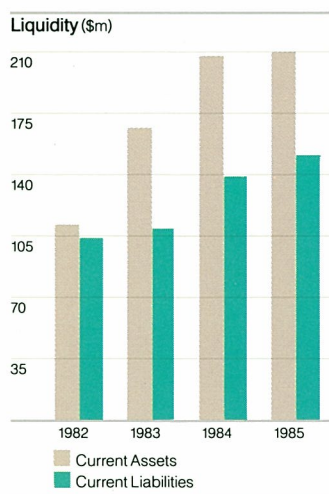
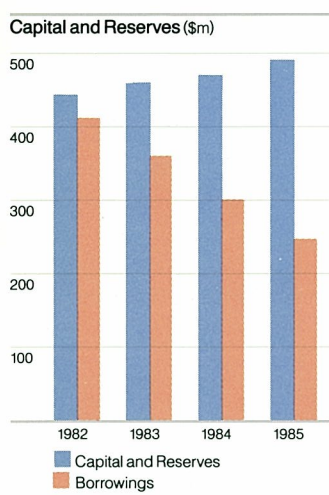
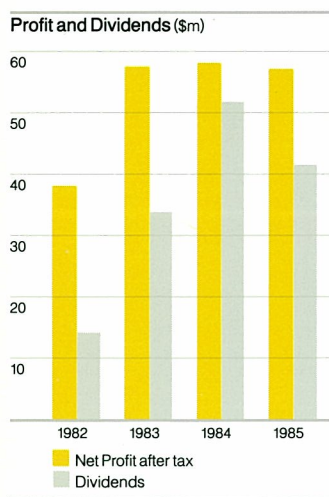
Review of Operations

Mining

Mining of No.1 Orebody continued. The pit now extends to four benches below sea level, a total depth from surface of 49 metres. Of the 4.542 million tonnes of material extracted from the pit this year, 0.903 million tonnes were ore which was either processed or stockpiled; 1.269 million tonnes were low-grade mineralised material between 0.023% and 0.10% U₃O₈ in grade, and 0.551 million tonnes were rockfill suitable for tailings dam construction. Waste amounted to 1.819 million tonnes. Reclaim of ore from stockpile amounted to 0.521 million tonnes and a total of 1.021 million tonnes of ore was processed in the mill.

In the first half of the year, mining operations concentrated on ore production, while in the second half extraction of material for tailings dam construction was the principal activity.

Deepening of the pit together with the greater tonnage of material to be mined necessitated the upgrading of mine equipment. Three 10.3 cubic metre front-end loaders (Caterpillar 992C) and two 77 tonne rear dump trucks (Caterpillar 777) were acquired, replacing three 5.4 cubic metre Caterpillar 988B loaders and one of the 50 tonne Terex trucks which had served the mine since start-up in 1981. Further haulage truck replacements are planned as maintenance requirements on the older vehicles increase and haulage distances lengthen.



Ore Resources

Changes in the ore resource during the year were caused by depletion through treatment in the plant and minor re-assessments of both in-situ ore and the mined-ore stockpiles.

	Geological Ore Reserves and Stockpiles		1 July 1985	1 July 1984
	TONNES ORE	% U ₃ O ₈	TONNES CONTAINED U ₃ O ₈	TONNES CONTAINED U ₃ O ₈
No.1 Orebody at 0.10% cut-off				
Ore Stockpiles	1,734,600	0.330	5,730	6,289
Proven ore	11,076,600	0.327	36,172	38,620
Probable ore	224,100	0.147	329	329
Total No.1 Orebody	11,300,700	0.323	36,501	38,949
Total ore	13,035,300	0.324	42,231	45,238
No.3 Orebody at 0.05% cut-off				
Probable ore	35,210,000	0.207	72,838	72,838
Possible ore	7,498,000	0.163	12,213	12,213
Total No.3 Orebody			85,051	85,051



The panel from which the operator controls the tipping of ore from haul trucks and its crushing and screening.

The acid plant manufactures 50,000 tonnes of concentrated sulphuric acid per annum for leaching the ore.

Milling

Metallurgical recovery continued to improve. During the 1984/85 period recovery was 92.45%, compared with the budgeted figure of 90.88% for the ore mix treated.

The production of 3,037 tonnes U₃O₈ was in line with budget. As in previous years, this level of production was handled by the treatment plant without difficulty. There was no significant technical problem during the year. Tests on plant capacity continued and by year end the changes and minor additions required to increase production to 4,500 tonnes U₃O₈ per annum had been identified to the extent that engineering of that expansion can proceed.

Attention continued to be given to minimising dust levels in the workplace, especially in the product drying and packing area. Improvements were effected and attention to this matter will continue. Dust levels have been kept well within the standards laid down in the Code of Practice for the Mining and Milling of Uranium Ores, but Ranger accepts that it has a continuing obligation to keep levels 'as low as reasonably achievable'.

Tailings Disposal

Construction of Stage III of the tailings dam, to increase the height of the perimeter wall by two metres, has commenced. This work, which will cost approximately \$4.9 million, will require the placement of 1.397 million tonnes of material, increasing the capacity of the dam from 9.2 million cubic metres to 11.2 million cubic metres.

As in Stage II, the work is being supervised by a Quality Control Committee consisting of representatives of the Office of the Supervising Scientist and of the Northern Territory Department of Mines and Energy and chaired by a representative from Ranger. Completion of the work is scheduled for November 1985. A further two metre lift is scheduled in 1987.

Water Management

Rainfall during the 1984/85 wet season was 188 mm above the annual average of 1,579 mm. The total was significantly increased by exceptionally high rainfall in April as a result of Cyclone Gretel, which brought the total rainfall for that month to 226 mm compared with an average of 69 mm.

A pipeline was constructed to the Magela Creek for controlled release of water. Use has so far been confined to the discharge, under very stringent conditions, of run-off from the waste rock dump which is outside the restricted release zone.

Design of the Ranger water management system provided for the periodic release of excess water to the Magela Creek during periods of high flow in the Creek. Since commissioning, however, the mine and plant have been operating on a 'no release to the environment' basis, while the supervising authorities collect and analyse data. Although the Supervising Scientist has reported that a once-off release of the surplus water accumulated in the restricted release zone could be made without harm to man or the environment, general agreement among the authorities has not been secured. Ranger

is now in the process of examining various water management options and is committed to producing recommendations on the 'best practicable technology' by the end of this year. On the basis of that work, decisions will have to be made by the supervising authorities on the water management strategies to be followed in future years.

Environment

While a large part of the Environmental Division's activities are centred on its monitoring function, increased emphasis has been placed on its responsibilities for rehabilitation.

Environmental monitoring activities have been rationalised to a certain extent as a result of the increased knowledge of site factors at Ranger. Such monitoring is not confined to the mine and plant area but extends to the surrounding countryside and the town of Jabiru.

Careful monitoring of the workforce and of the surrounding area enable Ranger to maintain standards which ensure that radiation exposure levels for both employees and the public are kept 'as low as reasonably achievable'. The standards achieved are well within permissible levels set out in the relevant Code of Practice. No adverse effects on the environment from the mining and milling of uranium ores at Ranger have been detected.

A full description of the Environmental Division's activities is given in the supplement to last year's annual report.

Industrial Relations

Industrial relations continue to improve. Time lost during the year was reduced 56.4%, partly due to the introduction of a Disputes and Grievance Procedure in October 1984.

Communication between award workers and management is receiving careful attention and a series of regular monthly meetings between union delegates and Ranger representatives has proven beneficial to both parties.

Occupational Health and Safety

All Ranger employees are given full medical examinations at two year intervals as well as on engagement and termination. Annual examinations to test hearing are also given.

Departmental health and safety committees formed last year continue to function satisfactorily and have been effective in focussing attention on potential problems. Continuity of committee membership has been a problem but it is hoped that this will improve. Safety awareness sessions are conducted every month for all employees and health and safety training has been increased.

There is an enhanced awareness among employees of the importance of following the correct procedure for every job, as a way of ensuring health and safety and reducing wastage of human and material resources.

Training

Twenty-five apprentices covering 11 different trades are currently employed at Ranger. Eight will complete their indentures by February 1986.

In May, the first of a series of courses was given on instructional techniques aimed at developing the skills of supervisors in training employees 'on-the-job'. Induction courses have continued for Ranger employees as well as for employees of contractors working on the mine site, to make them aware of the special conditions applying to the area.

Relationships with the local Aboriginal Community

In addition to the induction courses for new employees, orientation programmes on Aboriginal matters are conducted for them and their families. These programmes are run in conjunction with staff of the Kakadu National Park and provide participants with an insight into Aboriginal culture and the rules regarding nearby significant sites.

Ranger's liaison officers have frequent contact with the Aboriginal population and the relevant authorities to ensure that any concerns of the Aboriginal community are discussed and given appropriate attention. Liaison Committee meetings continued to provide a forum for Ranger and the traditional owners together with the latter's advisors, to discuss matters of mutual interest. Field days and mine visits are also arranged so that groups of Aborigines have an opportunity of seeing the operation and receiving an explanation on environmental matters.

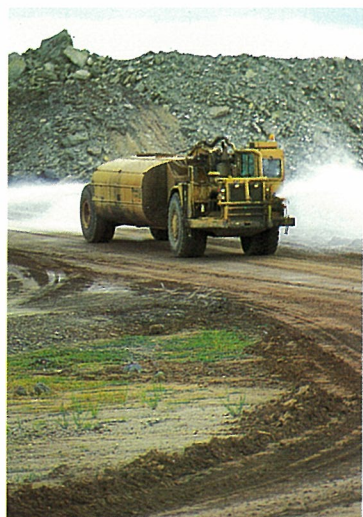


Construction of Stage three of the tailings dam in progress.

Samples of the biota are gathered for analysis to determine possible effects of mining on the environment.

A good working relationship is maintained with the Gagudju Association, which assists in developing business opportunities for the traditional owners living in the area. Ranger gives a degree of preference to the Association's contracting company when inviting tenders for construction and maintenance work.

At present Ranger employs 16 people of Aboriginal or Islander descent on a permanent basis; three are indentured apprentices. In addition there are seven who are employed casually in the Revegetation Section of the Environmental Division and several who are employed on a seasonal basis to collect seeds from native flora.



The Women's Resource Centre continues to act as a focal point for adult education activities for the Aboriginal community. Sewing, screen printing and cooking are taught and emphasis is given to health and hygiene. Pre-school activities receive particular attention and three children have now entered mainstream schooling as a result of attending the Centre. Ranger continues to fund the employment of an Aborigine as a pre-school aide for the Centre.

Visitors to the Mine

Many visitors to the Kakadu National Park express an interest in visiting the mine site and a number of tour operators include such visits as a regular feature. To meet the requirements of the general public and to ensure that they have the opportunity to have their questions answered, Ranger provides trained guides to accompany tour coaches. Ranger also offers tours in its own vehicles for other members of the public. Approximately 15,000 people toured the site during the last dry season and a further 5,000 made use of the information centre facilities at the Jabiru airstrip.

In addition to members of the public, who visit Ranger, a large number of people with specialized interests from within Australia and overseas are received at the plant.

Jabiru Township

Day-to-day operation of the town was handed over to the Jabiru Town Council on 1 July 1984. Initially there were five elected members and three members appointed by the Northern Territory Government, one of whom was an E.R.A. representative. From 1 July 1985, elected membership will increase to seven with the only appointed member remaining the E.R.A. representative.

There are plans to establish a motel at Jabiru. Realisation of this project will contribute significantly to the town's position as a major tourist centre for visitors to the Kakadu National Park.

Sporting facilities in the town have continued to develop. The nine-hole golf course was completed in May 1985 and a lawn bowling club was formed in March.

Marketing

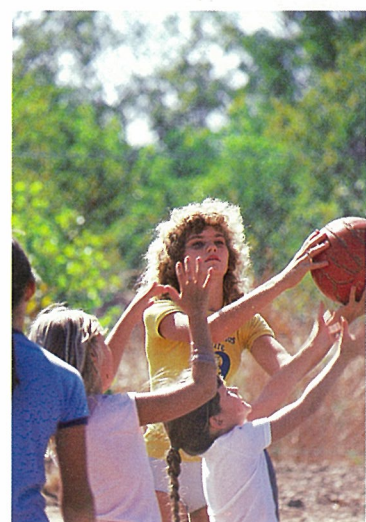
With the clarification in July 1984 of the Australian Government's policy on the production and export of uranium, E.R.A. moved confidently to obtain new business. Strong contacts were maintained throughout the year in the United States, Japan, the Republic of Korea and several countries in Europe, all of which have bilateral safeguards agreements with Australia.

A contract negotiated with Synatom SA in Belgium, which was signed during the 1983-84 financial year, received Australian Government approval in August 1984. This contract covers the sale of additional firm and optional tonnages.

In September 1984, the Indiana and Michigan Electric Company exercised an option to cancel its sales contracts with Peko and EZ in accordance with the terms of those contracts. Tonnage had been supplied by E.R.A. under arrangements with Peko and EZ, but deliveries had been suspended at the request of Indiana and Michigan since 1 January 1983.

E.R.A. has since negotiated a contract with the American Electric Power Service Corporation (AEPSC). That contract, with option provisions, could provide revenues reaching US\$500 million in 1984 terms and is potentially the largest single contract entered into by E.R.A. It was executed in late November 1984 and received Australian Government approval in 1985.

A further two long-term contracts covering substantial quantities of material have been executed with US utilities. The first was with Pennsylvania Power and Light Company



To suppress dust, roads at the mine site are dampened down frequently.

Netball at the school of Jabiru.



and was executed at approximately the same time as the AEPSC contract. The other, with another American power utility, has now received Government approval.

Late in the financial year a major additional contract with Korea Electric Power Corporation (KEPCO) with deliveries due to start in the early 1990s was executed. This contract subsequently received Australian Government approval.

The new contracts already signed are expected to result in sales of 800 tonnes U_3O_8 by December 1988, with additional sales increasing to over 1,100 tonnes U_3O_8 per annum by the end of the decade.

All deliveries under the new contracts will be subject to the stringent non-proliferation controls imposed by the Australian Government as are deliveries under the earlier contracts entered into by E.R.A.

These new contracts are indicative of the strong interest being displayed in the Ranger project by leading electric power utilities throughout the world and are most encouraging to E.R.A.'s plans for expansion of its operations. Since the issue of E.R.A.'s Prospectus in 1980, contracts have been entered into for the sale of a minimum of 11,400 tonnes U_3O_8 in addition to those for 36,200 tonnes U_3O_8 existing at the time of flotation.

The outlook for securing further long-term contracts for the supply of uranium concentrates is good as inventories fall and new reactors come on stream. At the end of 1984 there were 345 reactor units in operation in 26 countries, with a total generating capacity of 220 GWe (1 Gigawatt = 1 million Kilowatts), or 13% of the world's total. Another 180 units were under construction. The increase in the number of reactor units being planned reflects the upward trend in demand for nuclear electricity capacity emerging around the world. According to forecasts made by the International Atomic Energy Agency, nuclear's share of the world's total electricity capacity will increase to 20% by the year 2000. In OECD member countries alone, installed nuclear capacity is expected to double to 368 GWe by then.

Although a number of high cost uranium producers in the United States were forced to close during the year, E.R.A.'s other major international competitors maintained their level of activity.

Despite the weak market in the short term, with spot prices at around US\$15.00, the long-term position remains encouraging. Prices under long-term contracts with utilities in Europe, Japan and the USA remain well above spot market levels.

Shipments of concentrates during the year continued to be made ahead of schedule. In February, E.R.A.'s largest shipment to date was made: 669 tonnes U_3O_8 destined to fuel several electric power utilities in the Federal Republic of Germany and Sweden.

Additional Statutory Information

Directors

The names of the Directors of E.R.A. in office at the date of this report, together with particulars of qualifications, experience and special responsibilities of each, if any, are shown on page 3 of this report. No Director has an interest in any contract or proposed contract with E.R.A. declared since 1 January 1984.

State of Affairs of the Group during Financial Year

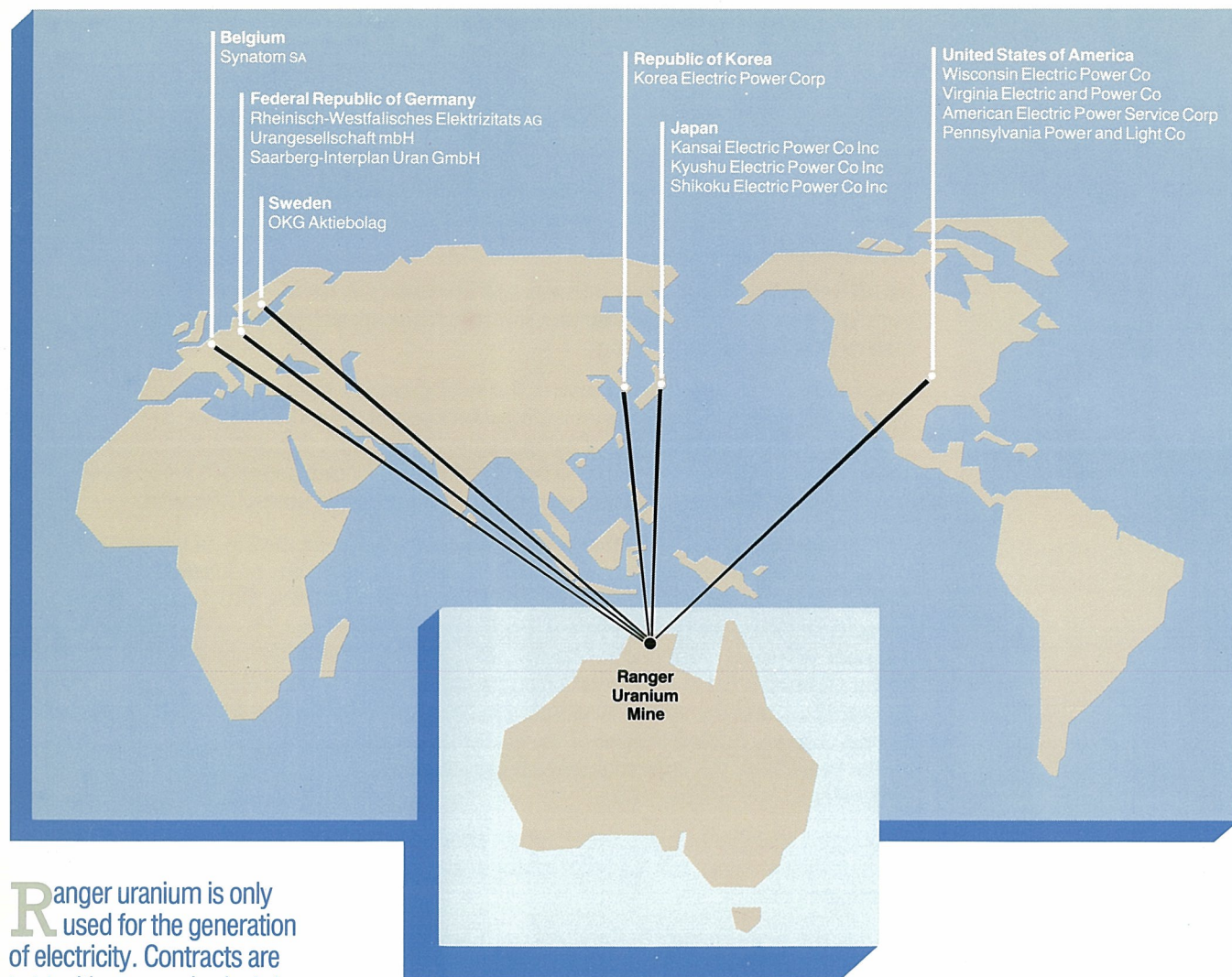
The Directors are not aware of any significant change in the state of affairs of the Group that occurred during the financial year which has not been covered elsewhere in this Report.

Post Balance Date Matters

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the financial year except as stated elsewhere in this Report.

Likely Developments

In the opinion of the Directors, likely developments in the operations of the Group known at the date of this Report have been covered generally within this Report, the Balance



Ranger uranium is only used for the generation of electricity. Contracts are held with companies in Asia, Europe and the United States of America.

Sheet and Profit and Loss Account and notes thereon. Directors are not aware of any other specific development likely to have a significant effect on the operations of the Group or the expected results of those operations.

Options

No options on shares in E.R.A. or in any subsidiary were granted during the financial year and up to the date of this Report, nor are any such options outstanding.

Directors' Benefits

No Director of E.R.A., since the end of the previous financial year has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Group accounts, or the fixed salary of a full-time employee of E.R.A. or a related corporation) by reason of a contract made by E.R.A. or a related corporation with a director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, save and except that Mr A L Morokoff is a director of a company which provides professional services for E.R.A. in the ordinary course of business.

Rounding-off

The Holding Company, E.R.A., is a company of the kind referred to in sub-Regulation 6 of Regulation 58 of the Companies Regulations and amounts in this Report and the Accounts have been rounded off to the nearest thousand dollars in accordance with Section 271 of the Companies Act 1981.

Signed at Sydney this 22nd day of August 1985 in accordance with a resolution of the Directors.

A L Morokoff A C Copeman
Director *Director*

Financial Section

Profit and Loss Accounts

For the year ended 30 June 1985

Energy Resources of Australia Ltd

Incorporated in the Australian Capital Territory

	NOTE	CONSOLIDATED		PARENT	
		1985	1984	1985	1984
		\$'000	\$'000	\$'000	\$'000
Sales		<u>233,779</u>	<u>246,136</u>	<u>233,779</u>	<u>246,136</u>
Operating Profit Before Income Tax		<u>109,852</u>	<u>113,021</u>	<u>109,852</u>	<u>113,021</u>
Income Tax Expense Applicable thereto	10	<u>53,395</u>	<u>55,534</u>	<u>53,395</u>	<u>55,534</u>
Net Profit		<u>56,457</u>	<u>57,487</u>	<u>56,457</u>	<u>57,487</u>
Dividends					
Dividend paid		<u>20,500</u>	<u>16,750</u>	<u>20,500</u>	<u>16,750</u>
Dividend payable		<u>20,500</u>	<u>34,500</u>	<u>20,500</u>	<u>34,500</u>
		<u>41,000</u>	<u>51,250</u>	<u>41,000</u>	<u>51,250</u>
Retained Surplus at 1 July		<u>54,588</u>	<u>48,351</u>	<u>54,588</u>	<u>48,351</u>
Retained Surplus at 30 June		<u>70,045</u>	<u>54,588</u>	<u>70,045</u>	<u>54,588</u>

Profit before income tax includes the following items:

Credited

Interest received/receivable

subsidiary companies

other corporations

–	–	–	–
9,195	5,673	9,195	5,673

Charged

Amortization of Ranger project rights

Depreciation of mine plant, equipment & facilities

Directors' emoluments

Royalty type expense

Payments for Aboriginal interests

Rehabilitation fund payments and

guarantee costs

Interest paid/payable to

subsidiary companies

other corporations

Auditors' remuneration

audit services

other services

Other benefits received

by the auditors

Amortization of deferred expense

6,275	7,394	6,275	7,394
12,526	16,580	12,526	16,580
12	121	121	100
13	3,513	3,513	3,286
13	12,145	12,145	11,374
13	6,101	5,769	6,101
	–	47,349	48,237
	47,454	48,347	105
	117	121	117
	53	46	53
	–	–	–
7	944	944	944

	NOTE	CONSOLIDATED		PARENT	
		1985	1984	1985	1984
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash at bank and on hand		15	11	15	11
Short term deposits		41,134	40,319	41,134	40,319
Trade debtors		113,189	119,389	113,189	119,389
Other debtors	2	3,495	3,470	3,495	3,470
Stock on hand	3	47,529	39,277	47,529	39,277
		<u>205,362</u>	<u>202,466</u>	<u>205,362</u>	<u>202,466</u>
Interests in Subsidiaries	4	-	-	10	10
Fixed Assets					
Ranger project rights	5	381,616	387,891	381,616	387,891
Mine plant, equipment & facilities	6	337,388	346,706	337,388	346,706
		<u>719,004</u>	<u>734,597</u>	<u>719,004</u>	<u>734,597</u>
Deferred Expense	7	3,121	4,065	3,121	4,065
Total Assets		<u>927,487</u>	<u>941,128</u>	<u>927,497</u>	<u>941,138</u>
Current Liabilities					
Bank overdraft		2,302	1,860	2,302	1,860
Trade creditors and bills payable		16,801	20,275	16,801	20,275
Secured loans	8	56,493	57,313	-	-
Owing to subsidiary, secured		-	-	56,493	57,313
Other creditors		3,064	1,020	3,064	1,020
Dividends payable		20,500	34,500	20,500	34,500
Provision for taxation		54,874	21,758	54,874	21,758
		<u>154,034</u>	<u>136,726</u>	<u>154,034</u>	<u>136,726</u>
Non-Current Liabilities					
Secured loans	8	191,261	242,264	-	-
Creditors and accrued expenses		35	84	35	84
Owing to subsidiary					
Secured		-	-	191,261	242,264
Unsecured		-	-	10	10
Provision for deferred income tax	10	102,112	97,466	102,112	97,466
Total Liabilities		<u>447,442</u>	<u>476,540</u>	<u>447,452</u>	<u>476,550</u>
Issued and Paid Up Capital	11	410,000	410,000	410,000	410,000
Retained Surplus		70,045	54,588	70,045	54,588
Total Share Capital and Reserves		<u>480,045</u>	<u>464,588</u>	<u>480,045</u>	<u>464,588</u>
		<u>927,487</u>	<u>941,128</u>	<u>927,497</u>	<u>941,138</u>

Notes to the Accounts

Notes to and forming part of the Accounts for the year ended 30 June 1985

1. Summary of significant accounting policies

The accounts have been prepared on the basis of historical costs. The accounting policies adopted are consistent with those of the previous year.

(a) Principles of Consolidation

The consolidated accounts give a view of the group as a whole. A list of subsidiaries appears in Note 4. All inter-company transactions are eliminated.

(b) Depreciation and Amortization

Depreciation of plant equipment and facilities is provided for as follows:

- (i) individual assets that have a life equal to or longer than the estimated remaining life of the mine are depreciated over a period not longer than the estimated mine life in proportion to ore reserve utilization,
- (ii) each other asset is depreciated over its estimated operating life on a straight line basis.

Ranger Project Rights are amortized over the estimated mine life and in relation to projected revenue from production.

(c) Foreign Currency

Amounts payable to and by the group in foreign currency have been converted to Australian currency at rates of exchange ruling at year end. Where, however, forward exchange cover has been obtained the settlement rate is used.

(d) Stock on hand

Stock is at the lower of cost and net realisable value using the average cost method. Cost includes both fixed and variable production costs. No accounting value is attributed to ore in situ or to broken ore within the mine.

(e) Deferred Expense

Deferred expenses were incurred prior to the commencement of operations and are amortized over periods to which they relate.

The balance of share issue expenses is being written off over the first five financial years of full operation, 1983-7.

Marketing expenses are being amortized over the calendar years 1982-6, inclusive of both.

Borrowing costs are being amortized over 8½ years from 15 November 1981 to the scheduled final repayment of the project loans.

(f) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the Profit and Loss Account is matched with the accounting profit (after allowing for permanent differences). Income tax on net cumulative timing differences is set aside to deferred income tax account.

(g) Sales

Sales are accounted for when product has been delivered in accordance with a sales contract.

(h) Leases

Leases of plant, equipment and premises have not been capitalized. Lease payments are included as expenses when incurred.

2. Other Debtors

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Other debtors	3,507	3,482
Less provision for doubtful debts	12	12
	<u>3,495</u>	<u>3,470</u>

3. Stock on Hand

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Stores	11,387	14,706
Less provision for obsolescence	805	674
	10,582	14,032
Ore stockpile	6,787	5,256
Work in progress	163	748
Finished product U ₃ O ₈	29,997	19,241
	47,529	39,277

4. Subsidiaries 1985 and 1984

<i>(a) Shares in Subsidiary Companies</i>	Place of Incorporation	Energy Resources of Australia Ltd
		Investment at Cost
		\$
E.R.A. (Canberra) Limited	Australian Capital Territory	5
Ranger Export Development Company Pty Ltd	New South Wales	20
Ranger Uranium Mines Pty Ltd	New South Wales	20
		45

The above subsidiaries are wholly owned. The operations of the subsidiaries did not result in a profit or a loss and no dividends were paid to the parent company.

(b) Loan to Subsidiary Company

Unsecured subordinated loan to E.R.A. (Canberra) Limited \$10,000 (1984 \$10,000).

5. Ranger Project Rights

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Ranger Rights at cost	407,000	407,000
Less amortization	25,384	19,109
Net balance	381,616	387,891

This represents Ranger interests acquired from the former Ranger joint venturers, including rights to receive and sell the concentrates produced from the Ranger Project Area and the benefits of long term sales contracts previously arranged by certain of the former venturers.

6. Mine Plant, Equipment and Facilities

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Plant, equipment and facilities at cost	392,562	389,354
Less provision for depreciation	55,174	42,648
Written down value	337,388	346,706

7. Deferred Expense

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Deferred expense capitalized at cost, comprises:		
Share issue expenses	3,158	3,158
Marketing expense incurred in securing contracts	808	808
Borrowing costs	4,066	4,066
	8,032	8,032
Less Amounts written off, Note 1(e)	4,911	3,967
Total	3,121	4,065

8. Secured Loans

	CONSOLIDATED	
	1985	1984
	\$'000	\$'000
Due within 12 months		
Project loans	46,843	47,518
Vendor loans	9,650	9,795
	56,493	57,313
Due after 12 months		
Project loans	157,638	199,674
Vendor loans	33,623	42,590
	191,261	242,264

Project Loans

These loans are covered by first ranking debenture stock secured by fixed and floating charges over the whole of the assets and undertaking of the company and of E.R.A. (Canberra) Limited including the sales contracts. Repayment of principal \$199,674,485 (1984 \$241,711,219) is by equal quarterly instalments until 15 February, 1990.

Vendor Loans

These loans are covered by second ranking debenture stock secured by fixed and floating charges over the whole of the assets and undertaking of the company and of E.R.A. (Canberra) Limited including the sales contracts. Repayment of principal \$42,589,920 (1984 \$51,556,220) is by equal quarterly instalments until 15 February, 1990.

9. Foreign Currency

The group has sales proceeds in US dollars exceeding repayments of borrowings, interest and other costs in US dollars.

Forward purchase contracts for US dollars have been entered into covering the principal repayments in US dollars due under project loan agreements. These hedge contracts will have the effect of A\$199,674,485 (1984 A\$241,711,219) being required to repay the principal of the loans whereas the conversion of the principal in US dollars at the rate of exchange at year end was A\$348,686,192 (1984 A\$323,238,585). There are forward sales contracts for US dollars which match the purchase contracts covering loan repayments. These contracts for US dollars resulted in revenue for the year being reduced by \$34,435,000 (1984 \$12,124,000).

The group has also entered into forward sales contracts for US dollars in respect of some further sales proceeds. These reduced revenue for the year by \$14,350,000 (1984 \$6,109,000). Some similar contracts exist in respect of expected sales receipts to 1987.

The net exchange gain included in the profit and loss account for the year on the holding of net foreign monetary assets was \$21,336,000 (1984 \$4,402,000).

10. Income Tax

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Income Tax is calculated as follows:		
Operating profit before income tax	109,852	113,021
Tax calculated at 46%	50,532	51,990
Tax effect of permanent differences:		
decreased income tax expense due to investment allowance	(83)	(92)
increased income tax expense due to amortization of Ranger project rights and other non-allowable items	3,026	3,541
other items not allowable	(80)	95
Income tax expense	53,395	55,534

Provision for deferred income tax

The provision for deferred income tax arises from certain costs being allowable for income tax purposes earlier than the time when the corresponding charge is made against book profits. Deductions under Division 10 and Section 51 of the Income Tax Assessment Act are the main factors.

11. Capital

	CONSOLIDATED AND PARENT	
	1985	1984
	\$'000	\$'000
Authorized Capital		
500,000,000 shares of \$1.00 each	500,000	500,000
Issued and Paid up Capital		
A Class shares of \$1.00 each	307,500	307,500
B Class shares of \$1.00 each	61,500	61,500
C Class shares of \$1.00 each	41,000	41,000
	410,000	410,000

The B and C Class shares rank pari passu with the A Class shares except that the B and C Class shares have limitations, restrictions and special rights as to conversion, quotation and disposal of shares and voting in specified matters.

12. Directors' Emoluments

	CONSOLIDATED		PARENT	
	1985	1984	1985	1984
	\$'000	\$'000	\$'000	\$'000
There were no Executive Directors of the company.				
Total emoluments received and receivable by Other Directors	121	100	121	100
No emoluments (excluding salaries) were received by Directors of subsidiaries who are not also Directors of the company.				

13. Commitments

	CONSOLIDATED		PARENT	
	1985	1984	1985	1984
	\$'000	\$'000	\$'000	\$'000
<i>(a) Commitments for capital expenditure</i>	3,731	659	3,731	659
<i>(b) Lease and Hire Commitments</i>				
(i) Operating Leases				
Aggregate amount contracted but not provided for in the accounts	325	660	325	660
Due within 1 year	305	362	305	362
Due within 1-2 years	19	291	19	291
Due within 2-5 years	1	7	1	7
	325	660	325	660
Rent expense for this period	362	362	362	362
(ii) Finance Leases				
Aggregate amount contracted but not provided for in the accounts	4,881	528	4,881	528
Due within 1 year	1,261	194	1,261	194
Due within 1-2 years	963	316	963	316
Due within 2-5 years	2,657	18	2,657	18
Minimum lease payments	4,881	528	4,881	528
Less future finance charges	1,194	107	1,194	107
Present value of minimum lease payments – motor vehicles & plant	3,687	421	3,687	421
Rent expense for period	745	186	745	186

(c) E.R.A. is liable to make payments to the Commonwealth as listed below:

(i) amounts equal to the sums payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement (Aboriginal Land Rights (NT) Act). These amount to \$200,000 per annum during the currency of the Agreement.

(ii) amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Trust Account pursuant to Section 63(5) of the Aboriginal Land Rights (NT) Act. These amounts are calculated as though they were royalties payable pursuant to the Northern Territory Mining Act and represent 4¼ % of net sales revenue. (1985 \$11,945,000, 1984 \$11,174,000)

(iii) amounts equivalent to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1¼ %. (1985 \$3,513,000, 1984 \$3,286,000)

(iv) amounts equal to 2% (or such other rate as the Minister of State for the time being administering Section 41 of the Atomic Energy Act may determine) of the payments received by E.R.A. in respect of sales of uranium concentrates. These amounts are credited to the Ranger Rehabilitation Trust Fund to provide for rehabilitation of the mine site at the time of cessation of mining operations. (1985 \$5,528,000, 1984 \$5,288,000)

14. Contingent Liabilities

E.R.A. has given to the Commonwealth Government an undertaking to rehabilitate the Ranger Project Area after cessation of mining operations. To the extent from time to time that the amount standing to the credit of the Ranger Rehabilitation Trust Fund is insufficient to meet the then estimated cost of rehabilitation, this undertaking has been secured by a bank guarantee given by the Commonwealth Bank of Australia. That bank has in turn been indemnified by the Eurolenders and E.R.A. has given the latter a counter-indemnity which is secured by the issue of debenture stock.

The estimated cost of rehabilitation, should E.R.A. have been required to cease mining at 30 June 1985, would have been \$37,935,000 (1984 \$31,725,000) whilst the balance of the Trust Fund was \$21,105,000 (1984 \$13,426,000). See Note 13(c)(iv).

Statement of Source and Application of Funds

For the year ended 30 June 1985

	1985		1984	
	\\$'000		\\$'000	
Sources of Funds				
Funds from Operations				
Inflows of funds from operations	242,974		251,809	
Less outflows of funds from operations	<u>133,122</u>	109,852	<u>138,788</u>	113,021
Add non cash items:				
Amortisation and depreciation		<u>19,746</u>		<u>24,919</u>
		<u>129,598</u>		<u>137,940</u>
Reduction in Assets				
Short term deposits	-		4,827	
Trade debtors	<u>6,200</u>	6,200	<u>-</u>	4,827
Increase in Liabilities				
<i>Current liabilities</i>				
Bank overdraft	442		-	
Other creditors	2,044		-	
Secured loans	<u>-</u>	2,486	<u>134</u>	134
		<u>138,284</u>		<u>142,901</u>
Application of Funds				
Increase in Assets				
<i>Current assets</i>				
Cash on hand	4		10	
Short term deposits	815		-	
Trade debtors	-		36,430	
Other debtors	25		153	
Stock on hand	<u>8,252</u>	9,096	<u>7,846</u>	44,439
<i>Non current assets</i>				
Mine plant, equipment and facilities		3,208		4,922
Reduction in Liabilities				
<i>Current liabilities</i>				
Bank overdraft	-		820	
Trade creditors and bills payable	3,474		6,013	
Secured loans	820		-	
Other creditors	<u>-</u>	4,294	<u>2,204</u>	9,037
<i>Non current liabilities</i>				
Secured loans	51,003		51,003	
Creditors accrued expenses	<u>49</u>	51,052	<u>-</u>	51,003
Dividends paid		55,000		33,500
Income tax paid		<u>15,634</u>		<u>-</u>
		<u>138,284</u>		<u>142,901</u>

Statement by Directors

Energy Resources of Australia Ltd
(Incorporated in the Australian Capital Territory)

In the opinion of the Directors:

(a) The accounts of the Company and of the Group are drawn up so as to give a true and fair view of the state of affairs as at 30 June 1985, and the results for the year ended on that date of the Company and of the Group as far as they concern members of the Company.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed at Sydney this 22nd day of August, 1985 in accordance with a resolution of the Directors.

A L Morokoff
Director

L W Mueller
Director

Auditors' Report

to the Members of Energy Resources of Australia Ltd (Incorporated in the Australian Capital Territory)

We have audited the accounts and group accounts set out on pages 14 to 21 in accordance with Australian Auditing Standards.

In our opinion:

(a) the accounts and group accounts are properly drawn up in accordance with the provisions of the Companies Act 1981 and so as to give a true and fair view of:

(i) the state of affairs of the company and of the group as at 30 June, 1985 and of the profit of the company and of the group for the year ended on that date so far as they concern members of the holding company;

(ii) the other matters required by Section 269 of that Act to be dealt with in the accounts and in the group accounts; and are in accordance with Australian Accounting Standards.

(b) the accounting records and other records, and the registers required by that Act to be kept by the company and by its subsidiaries have been properly kept in accordance with the provisions of that Act or, in the case of the subsidiaries incorporated in New South Wales, in accordance with the provisions of the corresponding law of that State.

We are satisfied that the accounts of the subsidiaries that have been consolidated with other accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for that purpose.

No auditors' report on the accounts of any of the subsidiaries was made subject to any qualification, or included any comment made under Subsection (4) of Section 285 of that Act.

Coopers & Lybrand

Chartered Accountants

by **MJ Sharpe**

Sydney, 22nd August 1985

Stock Exchange Information

Information pursuant to Australian Associated Stock Exchanges Listing Requirement 3c.

Entitlement to Votes (Article 85)

Subject to any rights or restrictions for the time being attached to any shares on a show of hands every Member present in person or by proxy or by attorney or by Representative and entitled to vote shall have one vote, and on a poll every Member present in person or by proxy or by attorney or by Representative shall have one vote for each share held by him.

Stock Exchange Listing

E.R.A. shares are listed on the exchanges of the Australian Associated Stock Exchanges. The home exchange is the Sydney Stock Exchange Ltd.

Distribution of Shareholders as at 23 August 1985

(a) A Class ordinary shareholders Equal to 75.0% of the issued capital

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1-99	15	0.0	674	0.0
100-1000	22,475	84.8	9,105,849	3.0
1001-5000	3,402	12.8	8,120,513	2.6
5001-10,000	368	1.4	2,836,966	.9
over 10,000	269	1.0	287,435,998	93.5
	26,529	100.0	307,500,000	100.0

(b) B Class ordinary shareholders Equal to 15.0% of the issued capital

	NUMBER OF SHARES	%
Rheinbraun Australia Pty Limited	25,625,000	41.6
UG Australia Developments Pty Ltd	16,400,000	26.7
Interuranium Australia Pty Limited	15,375,000	25.0
OKG	4,100,000	6.7
	61,500,000	100.0

(c) C Class ordinary shareholders Equal to 10.0% of the issued capital

	NUMBER OF SHARES	%
Japan Australia Uranium Resources Development Co Ltd	41,000,000	100.0
Total Issued Capital	410,000,000	

Register of Substantial Shareholders

Shares held as at 23 August 1985

A Class Ordinary Shareholders

Peko-Wallsend Ltd	130,440,800
EZ Industries Limited	126,945,000

B Class Ordinary Shareholders

Rheinbraun Australia Pty Limited	25,625,000
UG Australia Developments Pty Limited	16,400,000
Interuranium Australia Pty Limited	15,375,000

C Class Ordinary Shareholders

Japan Australia Uranium Resources Development Co Ltd	41,000,000
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Twenty Largest Shareholders

of A Class Ordinary Shares as at 23rd August 1985

SHAREHOLDER	SHARES HELD
Peko-Wallsend Ltd	130,440,800
EZ Industries Limited	126,945,000
CTB Nominees Ltd	3,192,200
ANZ Nominees Ltd (Melbourne)	2,683,097
The Mutual Life & Citizens Assurance Co Ltd	2,144,167
Australian Mutual Provident Society	1,613,160
National Nominees Limited	1,225,634
Government Insurance Office of New South Wales	1,051,000
Bank of New South Wales Nominees Pty Ltd	933,660
Public Authorities Superannuation Board	748,300
Eagle Star Nominees Ltd	669,100
Scottish Amicable Life Assurance Society	650,000
Zurich Australian Life Insurance Ltd	633,100
The City Mutual Life Assurance Society Ltd	624,000
Provident & Pensions Holdings Pty Ltd	618,700
Australian Foundation Investment Co Ltd	572,000
Associated National Life Insurance Co Ltd	564,500
The Perpetual Executors & Trustees Association of Australia Ltd	549,200
Associated Nominees Pty Ltd	500,000
The City Mutual Life Nominees Pty Ltd	410,100
Total	276,767,718

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 90%.

Interest of Directors in the share capital of the Company as at 21st July 1985

	SHARES HELD
A L Morokoff	5,000
F M Bethwaite	5,000
A W Hamer	13,700
G B Lean	10,000
Sir Rupert Myers	2,000

Share Registries*New South Wales*

C/- Professional Share
Registries (NSW) Pty Ltd
4th Floor, 720 George Street
Sydney NSW 2000
Telephone: (02) 211 5299

Victoria

C/- Professional Share
Registries (NSW) Pty Ltd
Bishop Connelly & Duncan
3rd Floor, 11 Bank Place
Melbourne Victoria 3000
Telephone: (03) 60 1206

Australian Capital Territory

C/- Professional Share
Registries (NSW) Pty Ltd
C/- Houston & Brown
3rd Floor, 40 Marcus Clarke Street
Canberra City ACT 2601
Telephone: (062) 49 8515

