COMPANY PROFILE

Energy Resources of Australia Ltd (ERA) is a uranium enterprise selling uranium oxide from the Ranger mine in the Northern Territory and uranium concentrates sourced outside Australia to nuclear energy utilities in Japan, South Korea, Europe and North America.

The Company is currently producing ore from its Ranger #3 open pit and is proceeding with the development of the new Jabiluka mine located 22.5 kilometres north of the existing Ranger facilities.

The Company is intent on maximising profitable sales with a secure portfolio of medium and long-term sales contracts and, as the third-largest uranium mining company in the world, has maintained a good reputation within the marketplace.

ERA is a 68.4 per cent owned subsidiary of North Limited, a diversified resource company, and has strong shareholder–customer links with electric utilities in Japan, France and Sweden.

CORPORATE MISSION

ERA's fundamental objective is to increase the wealth of its shareholders through a commitment to:

- Fulfilling the expectations of all stakeholders in the Company's business, with special emphasis on the needs of customers, safety of employees, the integrity of the environment and the well-being of the Aboriginal community
- Open and honest communication with all stakeholders
- Continuous improvement in management practice
- Realising the value of the Company's assets through development of its ore reserves
- Maximising growth in profitable sales of uranium concentrates
- Maximising earnings and cash flow.

VISION AND VALUES

ERA employees have developed a corporate vision and values that are integrated with those held by the Company's parent, North Limited. The new ERA vision is: "achieving success above all challenges" coupled with the Core Values of a "high level of trust" and "open and honest communication".

2000 OBJECTIVES

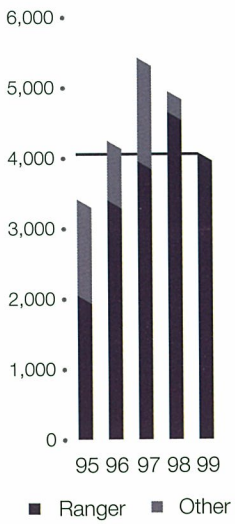
- Maximise profit and shareholder value through cost savings and strategic use of resources
- Continue development of Jabiluka
- Work closely with the Aboriginal community to continue to maximise the benefits to the community as a result of ERA's presence
- Build a better understanding within the Australian community of the value of uranium mining to the nation
- Continue to increase the number of Aboriginal employees
- Retain five-star safety and health rating
- Maintain and build on ERA's excellent environmental record by continuing to ensure the Company's operations do not detrimentally impact the world heritage values of Kakadu.

BEYOND 2000

- Commence limited mining of uranium oxide at Jabiluka in 2001 and processing through the Ranger facilities
- Increase production from Ranger ore in line with sales to utilise full production capacity and at the same time reduce unit costs with the greater economies of scale.

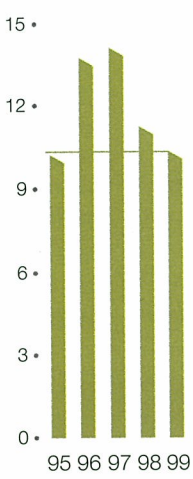
ERA SALES

Tonnes U_3O_8



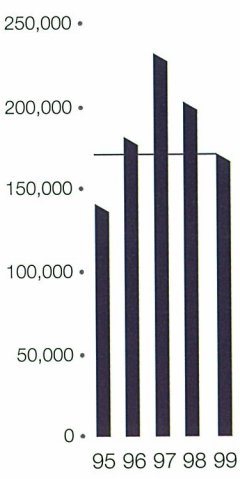
AVERAGE SPOT PRICE

US$/lb U_3O_8



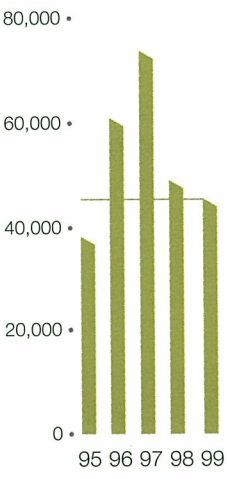
SALES REVENUE

$000



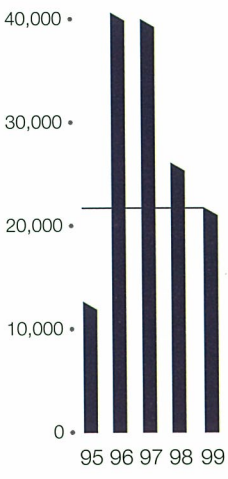
EARNINGS BEFORE INTEREST & TAX

$000



PROFIT AFTER TAX

$000



chairman's and chief executive's review



The Jabiluka mine site, late wet season, March 1999.

1999 HIGHLIGHTS

- Profit after tax of $21.9 million
- Total dividends maintained at 14.0 cents
- Four new sales contracts
- Development of Jabiluka on schedule
- UNESCO rejects "in danger" proposal for Kakadu
- Five-star safety and health rating
- Aboriginal employees now represent 15 per cent of the workforce
- Ranger Agreement extended
- New Chairman and new Chief Executive

$21.9 MILLION PROFIT FOR YEAR

The past year was challenging for ERA with earnings before interest and tax falling to $45.8 million (1998: $48.8 million). Profit after tax was also lower at $21.9 million (1998: $26.7 million).

The decrease in earnings before interest and tax was primarily a result of lower sales revenue due to a decrease in sales to 4,006 tonnes U_3O_8 (1998: 4,928 tonnes U_3O_8), and a low uranium spot price (see Finance page 4). The restricted spot price averaged US$10.07 per pound U_3O_8 during the year compared to US$11.23 per pound U_3O_8 in the previous year. ERA believes that market fundamentals remain firm and prices are likely to increase over the longer term.

Two fully franked dividends were declared during the year; an interim dividend of 3.0 cents and a final dividend of 11.0 cents. Borrowings decreased slightly during the year to $77.3 million (1998: $81.2 million) and capital expenditure was $45 million (1998: $26.3 million).

PRODUCTION RATES ALTERED TO MATCH DEMAND

In response to the lower sales, ERA reduced production at Ranger to an annualised rate of 4,000 tonnes U_3O_8 from January 1999. The new production rate is generally in line with nominated sales tonnages for the immediate future. Production for the year was 4,375 tonnes U_3O_8 (1998: 4,162 tonnes U_3O_8). The new mill is performing well with the implementation of additional operational procedures following the chemical problems experienced during 1998.

Improved long-term market certainty and stability is expected to flow from the signing of a commercial agreement for the orderly disposal of the excess Russian Highly Enriched Uranium (HEU) between three North American/European uranium enterprises and the Russian Federation Ministry of Atomic Energy on 24 March 1999. The agreement outlines arrangements for orderly marketing of uranium diluted from Russian nuclear weapons for use as fuel in nuclear electricity stations and provides for stockpiling the uranium for up to 10 years or until it can be sold without disrupting the market.

NEW CONTRACTS FOR ERA

ERA secured four new contracts during the year: two with a US utility; one with a Scandinavian utility; and one with a Japanese utility. Forward sales are up to 25,000 tonnes U_3O_8 over the next 10 years.

JABILUKA

The schedule for the Jabiluka mine development remains on target. Excavation of the Jabiluka decline (underground tunnel) was completed in July 1999 and marks the end of Stage 1 of development.

The Jabiluka project has now entered a 12 month design phase that will enable the completion of further environmental and cultural studies as well as negotiations on the Ranger–Jabiluka road construction.

In August 1998, the Public Environment Report (PER) on the Jabiluka Mill Alternative (JMA) received Commonwealth environmental approval. This is in addition to approval for ERA's preferred option of milling and processing at Ranger that was granted in October 1997.

The PER decision for the JMA completed the Commonwealth approval process under the *Environment Protection (Impact*

of Proposals) Act for the Jabiluka mine and for options to mill the ore either at Jabiluka or at the existing facility at Ranger.

The milling of the Jabiluka ore at Ranger – the Ranger Mill Alternative (RMA) has always been ERA's preferred option, notwithstanding the original Aboriginal approvals for the milling of ore at Jabiluka which are still current. This preferred option has been known and supported by the wider group of Aboriginal people affected by the project since acquisition by ERA in 1991. The RMA is recognised as offering the opportunity for better environmental, social and economic outcomes.

In the year ahead, ERA will continue its negotiations with Aboriginal representatives to reach agreement on the RMA.

On 12 July 1999 the World Heritage Committee, by a majority of 20 to 1, confirmed that the Jabiluka Project would not cause Kakadu's world heritage status to be placed in danger.

As a result of the decision, a new long-term blueprint for the continued protection of Kakadu has been put in place.

The Company has agreed to limit Jabiluka production until the Ranger ore body is exhausted. This concession was in response to concerns held by some Committee members that Kakadu would be adversely affected if two mines were in full-scale operation simultaneously.

The concession still allows ERA to meet all its commercial obligations, but limits its ability to gain benefit from any strong upturn in the uranium market.

ERA has called on all parties involved in the debate to use the UNESCO outcome to build a climate of conciliation. ERA is committed to working with the Traditional Owners and other Aboriginal organisations to reach agreement which is beneficial to the Aboriginal owners of the land, the wider Aboriginal community, the national economy and the Company.

The Company is optimistic that agreement on outstanding issues can be reached in a climate of goodwill and honesty.

RANGER SECURES HIGHEST SAFETY AND HEALTH RATING

Australia's peak independent safety auditor, the National Safety Council of Australia (NSCA) awarded its highest safety and health rating, the Five Star Award, to ERA's Ranger mine. The award indicates an exceptionally high level of achievement and places the Ranger mine within the top 5 per cent of industry occupational safety and health performances.

ABORIGINAL EMPLOYMENT

Also during the year, ERA made significant progress in encouraging Aboriginal employees into its workforce. Aboriginal employees now represent 15 per cent (1998: 9 per cent) of the Ranger workforce.

KRSIS WORKING GROUP ESTABLISHED

The Kakadu Region Social Impact Study (KRSIS), which was part-funded by ERA, established a Working Group to oversee the implementation of the various recommendations. In 1998 former Minister and Senator, The Hon. Bob Collins was appointed Chairman of the Implementation Committee. ERA is represented on the Working Group and has been instrumental in helping implement a number of recommendations stemming from its findings, including alcohol control and a Family Resource Centre.

CULTURAL SITES

ERA is sensitive to the cultural values of the Kakadu region and all cultural sites within the park and the mining leases have been identified for many years and are protected under strict standards. The Boiwek site (as originally identified by the current Traditional Owner in 1992) is protected and completely outside the fenced area where mining and related activities take place.

Following a request by the Gundjehmi Aboriginal Corporation representing the Mirrar Clan, the Commonwealth Environment Minister announced a detailed investigation into the alleged Boiwek–Almudj complex of Sacred Sites.

The Government initiated the Section 10 inquiry under the *Commonwealth Aboriginial & Torres Strait Islander Heritage Protection Act* following claims in 1997 by the Mirrar that the Boiwek site extended across the Oenpelli Road to encompass the mine valley containing the Jabiluka development.

RANGER AGREEMENT EXTENDED

Aboriginal and government negotiations to continue uranium operations at the Ranger Project Area for the next 21 years have had a positive outcome. The Company has secured extension of the Agreement with the Northern Land Council (NLC), acting on behalf of the Traditional Owners, and the Commonwealth Government.

RANGER AND JABILUKA ROYALTIES

Ranger royalties and other royalty type payments to Traditional Owners for the year were $7.2 million. In addition to this, $1.8 million was paid under the Jabiluka mining agreement adding to the $1.9 million paid in the previous year. Total royalty type payments for Ranger since it was established amount to $153.2 million.

NEW ERA CHAIRMAN AND CHIEF EXECUTIVE

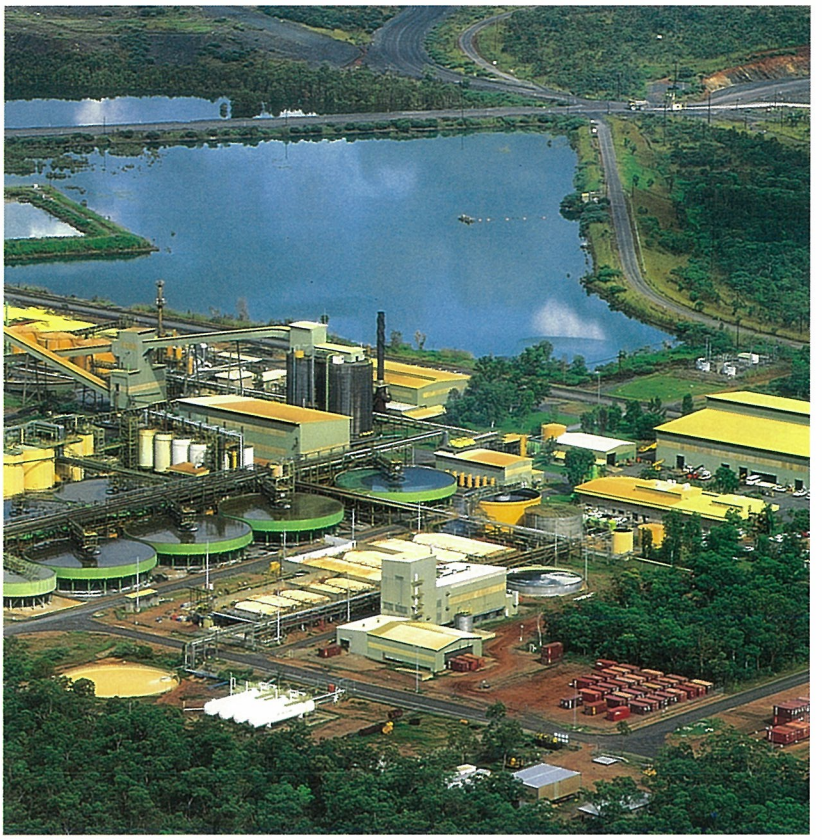
In January 1999, Mr Malcolm Broomhead took over as Chairman following the retirement of Mr Campbell Anderson.

On 15 July 1999, Robert Cleary, former Deputy Chief Executive, took over from Phillip Shirvington as Chief Executive and Board Member. Mr Cleary's background is in chemical engineering and he has extensive experience at ERA having also held the position of General Manager – Operations at Ranger.

ENVIRONMENT

Environmentally, the Government supervising authorities confirmed that Ranger and Jabiluka operated well during the year. Their reports confirmed ERA's history of 19 years of operation with no detrimental impact on the surrounding environment.

finance



Ranger showing the plant and Ranger #3 top right.

$21.9 MILLION PROFIT

Profit after tax for the year was $21.9 million (1998: $26.7 million). Earnings before interest and tax were 6.1 per cent lower than the previous financial year at $45.8 million (1998: $48.8 million).

The decrease can be attributed to:

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

However, these factors were offset slightly by:

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

1999 HIGHLIGHTS

- Profit after tax of $21.9 million
- Total dividends of 14.0 cents per share maintained
- Jabiluka Stage 1 completed ahead of time and below budget

2000 OBJECTIVES

- Maximise shareholder value
- Reduce debt level

Table 1: **HIGHLIGHTS**

YEAR ENDED 30 JUNE	1999	1998	% CHANGE
Financial, $ million			
Sales revenue	172.9	201.3	-14.1%
Operating profit before tax	43.2	47.6	-9.4%
Income tax expense	21.3	20.9	1.8%
Operating profit after tax	21.9	26.7	-19.1%
Total assets	929.0	907.2	2.4%
Share capital	214.6	38.2	461.3%
Capital and reserves	663.7	668.5	-0.7%
Earnings per share, cents	11.0	14.0	-21.4%
Return on shareholders' equity, per cent	3.3	4.0	-17.8%
Dividend per share, cents	14.0	14.0	0.0%
Production			
Ore mined, million tonnes	2.496	2.310	8.0%
Ore milled, million tonnes	1.827	1.843	-0.9%
Mill head grade, per cent U_3O_8	0.267	0.269	-0.7%
Total Production, tonnes U_3O_8 drummed	4,374.8	4,161.9	5.1%
Sales Tonnes			
Ranger	4,006.0	4,635.3	-13.6%
Other	0.0	292.5	-100.0%
Total	4,006.0	4,927.8	-18.7%

Ranger sales for the year were 4,006 tonnes U_3O_8. The figure is lower than the record set for Ranger sales at 4,635 tonnes U_3O_8 for 1998. The reduced sales resulted from several ERA customers choosing to exercise minus tonnage options under existing contracts. Sales revenue for the year totalled $172.9 million, compared to $201.3 million in 1998.

Significantly, the unit cost of production dropped as a result of a comprehensive cost reduction program and process improvements. The unit cost was reduced by 8 per cent. This outstanding achievement is the result of the implementation of cost savings across the operation including a number of process improvements that have resulted in a significant decrease in the consumption of key materials and an improvement in material recovery. It is expected these cost savings will be sustainable into the future.

The Company continued its policy of managing its foreign exchange exposure. ERA's average hedged rate was US$/A$0.64 for the year.

BORROWINGS

ERA's borrowings at 30 June 1999 were $77.3 million (1998: $81.2 million). $35.1 million of this amount was a continuation of the uranium loan arrangement with shareholder, Japan Australia Uranium Resources Development Co Ltd (JAURD).

CAPITAL EXPENDITURE

Capital expenditure of $45 million (1998: $26.3 million) was undertaken during the year. Major capital expenditure included the construction of the Jabiluka decline and the upgrade to the Ranger Acid Plant. Importantly, both Stage 1 of the Jabiluka project and the Acid Plant capacity expansion were completed ahead of schedule and under budget.

Capital expenditure for the next 12 months will reduce. Major expenditure will include ongoing costs for the Jabiluka project and some heavy equipment replacements and rebuilds.

DIVIDENDS

The Directors declared a final dividend of 11.0 cents (1998: 8.0 cents). The dividend will be fully franked at 36 per cent and will be paid on 22 September 1999. The record date for the dividend was 8 September 1999.

An interim dividend of 3.0 cents (1998: 6.0 cents) was paid on 25 February 1999.

Table 2: **SHARES**

	1999	1998	1997	1996	1995
Shareholders	7,612	7,513	7,803	8.329	12,095
Price, $ per share					
year high	3.31	6.04	6.50	6.25	6.90*
year low	1.50	3.00	4.65	2.70	1.20
year end	1.70	3.02	5.90	4.65	2.92**

* Post reconstruction of ERA's capital (four shares into one) and cum-special dividend of $2.50 per share.

** Post reconstruction and ex-special dividend

Table 3: **PROFIT & LOSS SUMMARY** $ million

YEAR ENDED 30 JUNE	1999	1998	1997	1996	1995
Sales revenue	172.9	201.3	230.6	180.4	140.0
Net expenses	127.1	152.5	156.8	119.6	102.0
Earnings before interest & tax	45.8	48.8	73.8	60.8	38.0
Net interest expense	2.6	1.2	2.2	2.2	2.6
Operating profit before tax	43.2	47.6	71.6	58.5	35.4
Income tax expense	21.3	20.9	31.2	17.8	23.0
Operating profit after tax	21.9	26.7	40.4	40.7	12.4

Table 4: **SIMPLIFIED BALANCE SHEET** $ million

AT 30 JUNE	1999	1998	1997	1996	1995
Shareholders' equity	663.7	668.5	668.5	654.8	640.8
Share capital	214.6	38.2	38.2	38.2	38.2
Reserves	389.5	565.9	565.9	565.9	565.9
Retained profits	59.6	64.4	64.4	50.7	36.7
Represented by:					
Non-current assets	719.4	741.4	747.7	698.1	728.7
property, plant & equipment	500.7	534.2	556.5	522.5	546.5
exploration, evaluation and development expenditure	188.2	158.7	153.6	152.3	152.0
other	30.5	48.5	37.7	23.3	30.2
Non-current liabilities	110.0	191.4	131.0	132.6	179.2
creditors and borrowings	0.0	81.2	27.0	29.1	72.7
other	110.0	110.2	104.0	103.5	106.5
Working Capital	54.3	118.5	51.8	89.3	91.3
cash	4.8	3.7	7.7	10.7	39.4
net receivables	37.9	35.7	53.2	52.9	26.3
stock	128.5	95.2	83.7	80.6	82.5
other	(116.9)	(16.1)	(92.8)	(54.9)	(56.9)
Net Assets	663.7	668.5	668.5	654.8	640.8
Earnings per share, cents	11.0	14.0	21.2	21.4	6.4*
Return on shareholders' equity, per cent	3.3	4.0	6.1	6.3	1.9
Dividends per share, cents	14.0	14.0	14.0	14.0	252.5

* Based on reconstructed capital

development



Peter Lloyd in the tunnel at Jabiluka.

1999 HIGHLIGHTS

- Jabiluka development completed ahead of schedule and under budget
- Acid plant capacity expansion completed within budget
- ERA Business System implemented

2000 OBJECTIVE

- Advance Jabiluka negotiations

JABILUKA

Following full Commonwealth Government approval being granted for the Jabiluka mine, Stage 1 of the project commenced on 15 June 1998 with construction of the surface facilities.

The surface facilities consist of a water retention pond, waste rock and mineralised waste rock stockpile pads, administration offices, change and maintenance facilities and the portal. These were completed before the start of the wet season.

Construction of the 1,150 m decline commenced in late September 1998. At the bottom of the decline, 720 m of level underground tunnels have been developed to access the Jabiluka orebody. This work was completed on 4 July 1999, several months ahead of the original development schedule.

From mid August 1999, ERA commenced mine planning, core sampling and further environmental and safety studies. Jabiluka is now in a data evaluation and planning phase for approximately 12 months. Detailed discussions with Aboriginal groups, regarding the Ranger–Jabiluka access road and other issues, will take place during this phase.

During the year, two legal cases taken by Yvonne Margarula in relation to the development at Jabiluka were resolved in favour of the Company. In the first case, the High Court confirmed the validity of the Jabiluka Mineral Lease. In the second case, the Darwin Supreme Court found that the Northern Territory Minister for Resource Development appropriately issued authorisation to develop Jabiluka.

Subsequently, Yvonne Margarula launched a third action against the Commonwealth Minister for the Environment and the Minister for Resources. Yvonne Margarula's application claims the Ministers did not follow due process in granting approvals for the Jabiluka Mill Alternative. In June 1999 the Federal Court rejected all but one of Yvonne Margarula's arguments in the case. The Court will hear this single application in early 2000 in respect of a decision made by the previous Resources Minister, Senator Parer.

ERA has put forward two milling options for the Jabiluka ore. They are:

The Ranger Mill Alternative (RMA) – where Jabiluka ore is transported by truck along a 22.5 km private access road to the existing Ranger mill for processing; and the Jabiluka Mill Alternative (JMA) – where Jabiluka ore is milled and processed on site in a stand-alone mill near the mine entrance.

Both options have been through extensive environmental approval processes and have received Commonwealth agreement.

ERA's preferred option is the RMA as it will have the least environmental and social impact in the region. However, to proceed with this option, the Company must reach agreement with local Traditional Owners so that it can build the 22.5 km access road between Jabiluka and Ranger and process the ore through the Ranger mill.

The RMA makes environmental sense, as it uses existing facilities and eliminates the need for two mills to operate in the Kakadu region. ERA has agreed to limit Jabiluka operations until Ranger ore is exhausted. The RMA would easily incorporate sequential development.

Environmental benefits of the RMA

- Use of existing infrastructure at Ranger allowing considerable reduction in the scale, complexity and environmental impact of the Jabiluka mine
- Minimal surface facilities
- Out of sight of tourist roads
- Significantly less land area required – 75.5 ha compared to 135 ha for the JMA.

Tailings management

- No tailings dam required at Jabiluka
- All tailings to be permanently stored in the mined-out Ranger Pit #1 and later in the mined-out Ranger #3 pit. These pits are sufficient to hold all tailings from both Ranger and Jabiluka operations
- Ranger #1 and #3 to be specially treated to ensure the integrity of the tailings.

Water management

- Total containment of water exposed to ore
- 12.5 ha catchment area
- Excess water disposed of by evaporation.

Economic benefits of RMA

- $210 million in royalties and other payments to Aboriginal community throughout life of Jabiluka mine
- Net value of the mine to the national economy is estimated to be $3.8 billion
- Approximately 87 per cent of all revenue will be distributed in Australia.

Ore production rates

- Production at Jabiluka will be phased in as production from Ranger is scaled down to ensure two mines in the region will not be in full production at the same time. Full scale production from Jabiluka will be reached in around 2009.

Cultural and heritage management

- Sacred, art, occupation and other sites identified and protected
- No site within the operations area
- Nearest site one kilometre from operation
- Sequential mining ensures no increase in the number of non-Aboriginal ERA employees in the region.

ACID PLANT UPGRADE

An upgrade of the acid plant was successfully completed well under budget. As well as replacing a number of items of plant which had exceeded their design lives, the opportunity was taken to expand plant capacity from 185 to 250 tonnes of acid per day.

RANGER STRATEGIC STUDY AND RESOURCE REVIEW

Due to changing economic circumstances and to reflect reduced operating costs and a revised cut-off grade, a Ranger #3 Strategic Study was initiated in early 1999 to produce a preferred pit design based on current constraints and conditions.

On completion of the Review, work commenced on the optimisation of the Ranger #3 pit design. The study found that the best economic pit size is larger than the current planned Stage 4 Pit. However, further work on increased waste stockpile volumes and water management impacts is ongoing, and could affect the final pit size.

COMPUTER SYSTEM UPGRADE

ERA replaced its in-house developed "Ranger" system with Mincom's Information Management System Open Enterprise in mid-October 1998, following a 12-month implementation program.

This was the first of a two-stage project with a budget of $3.9 million. The first stage involved replacing the previous non-Year 2000 compliant system while enhancing report writing and improving business processes.

Stage 2 of the project in 2000–01 will link the business system to mining fleet monitoring and mill process control systems. It is envisaged that the system will ultimately manage the optimisation between the mine and mill production.

YEAR 2000 PROJECT *

Work to counteract exposure to the Year 2000 problem commenced within ERA in the second half of 1997.

For ERA, the concept of Year 2000 readiness embodies repair or replacement of non-compliant computer or production systems, software or equipment where their importance justifies the expense. In other cases it encompasses establishing action plans or contingency plans with the objective of reducing other risks to low levels, so that any Year 2000-related failure would not have a material effect on the Company. ERA has also undertaken work to assess the readiness of its major business partners and has prepared contingency plans, where appropriate, to ensure that its supplies of goods and services are not significantly exposed to risks in entities which it does not manage.

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

Because of the diversity and intricacy of the project it is considered unlikely that ERA would ever claim 100 per cent readiness. Nonetheless, the Company is confident that all major risks have been adequately addressed and the level of exposure has been reduced to acceptable low levels.

* This statement is a Year 2000 disclosure statement for the purposes of the Year 2000 Information Disclosure Act 1999. A person may be protected by that Act from liability for this statement in certain circumstances.

operations



Ray Korljan (left) and Bradley Alderson, discuss the new sulfur burner and waste heat boiler at Ranger Mine.

1999 HIGHLIGHTS

- Continued cost improvements for mine operations
- Process improvements leading to a decrease in consumption of key materials
- Acid plant expansion completed

2000 OBJECTIVES

- Reduce water inventory
- Optimise inventory levels of U_3O_8
- Further reduce unit cost of production

MINING

Total ore mined for the year was approximately 2.5 million tonnes. A higher than average wet season required extra Restricted Release Zone (RRZ) water to be stored in the bottom of the pit. The delay in removing this larger volume of water restricted ore mining in the later months of the year. This was partially offset by higher ore tonnes than predicted by the geological model from the area mined.

Ore feed to the crusher was in line with milling requirements. The increased direct feed of ore from the pit to the crusher (rather than double handling on the ore stockpile) has contributed to improved costs and efficiencies. Similarly, improvements in blasting practices, haul road maintenance and tyre life have substantially reduced costs.

The Ranger #3 mining fleet continued to perform well. The fleet performance still reflects the relatively young age of the equipment and with careful planning, ERA expects performance will continue at this benchmark.

The Ranger mining rate has been set to ensure the Ranger #3 Pit is fully mined out prior to it being required for tailings disposal in 2006.

PROCESSING

Mill production rates were revised down during the year to reflect current market conditions. Total U_3O_8 production was 4,375 tonnes (1998: 4,162 tonnes), which is lower than plant capacity.

Feed to the mill was 1.8 million tonnes of ore at an average grade of 0.267 per cent U_3O_8. Of this, 30 per cent was direct feed from Ranger #3.

Recurrence of foaming in the plant's solvent extraction circuit occurred in November and December 1998, which resulted in reduced production. With the positive identification of the problem and its source, Ranger has implemented a number of operational practices to prevent this occurring again.

The completion of the plant automation project in July 1998 has provided considerable benefit. A number of process

improvements have been implemented and have resulted in a significant decrease in consumption of key materials and an improvement in uranium recovery.

PRODUCT PACKING

During the year, the product packing and handling system was substantially upgraded to provide fully automated operation of drum filling, weighing, sampling, sealing and washing processes. When complete, these improvements will further reduce radiation exposure for workers operating the packing system and will provide an ergonomically better work environment.

WATER AND TAILINGS MANAGEMENT

The dredging and transfer of one million cubic metres of tailings from the tailings dam to the Ranger #1 Pit was successfully completed early in 1999 to provide additional water storage capacity in the tailings dam.

The volume of water in the process system (tailings dam and Pit #1 tailings repository) increased over the year due to the higher than average rainfall, and the lower than planned evaporation rate of water.

ERA is currently considering the use of active water disposal methods to reduce this excess inventory over the coming dry season. It is recognised that this excess inventory will not be reduced to optimal levels in the short term and provisions have been made in future years' capital budgets for funds to address this issue.

ORE RESERVES

As noted in the Development section, early in 1999 ERA initiated a review of the Ranger #3 resource. This study confirmed the viability of mining Stage 4 of Ranger #3. The previous mine design indicated the economic limit of mining was only to Stage 3.

As a consequence, remaining mine reserves at Ranger #3 were revised to 17.1 million tonnes at a grade of 0.29 per cent U_3O_8 containing 49,546 tonnes U_3O_8. Upon completion of the Ranger Strategic Study, the ore reserves may be further revised.

Table 5: **MINING** — million tonnes

Year ended 30 June	1999	1998	1997	1996	1995
Ore mined, cut-off grade 0.12% U_3O_8					
to process plant	0.522	0.100	–	–	–
to stockpile	1.974	2.210	0.709	–	0.841
total ore mined	2.496	2.310	0.709	–	0.841
Low grade mineralisation	4.158	4.141	2.772	–	1.324
Waste rock	1.185	1.730	1.849	–	0.404
Total tonnes mined	7.839	8.181	5.330	–	2.569

Table 6: **MILLING**

Year ended 30 June	1999	1998	1997	1996	1995
Ore milled, million tonnes					
from mine	0.522	0.100	–	–	–
from stockpile	1.305	1.743	1.571	1.201	0.578
total ore milled	1.827	1.843	1.571	1.201	0.578
Mill head grade, per cent U_3O_8	0.267	0.269	0.311	0.349	0.345
Milling rate, tonnes per hour	280.0	241.0	196.0	186.4	173.1
Mill recovery, per cent	91.04	86.77	85.51	85.11	82.90
Total production, tonnes U_3O_8 drummed	4,374.9	4,161.9	4,236.9	3,453.3	1,548.2
Product grade, per cent U_3O_8	98.9	98.73	98.71	99.19	98.70

Table 7: **ORE RESERVES**

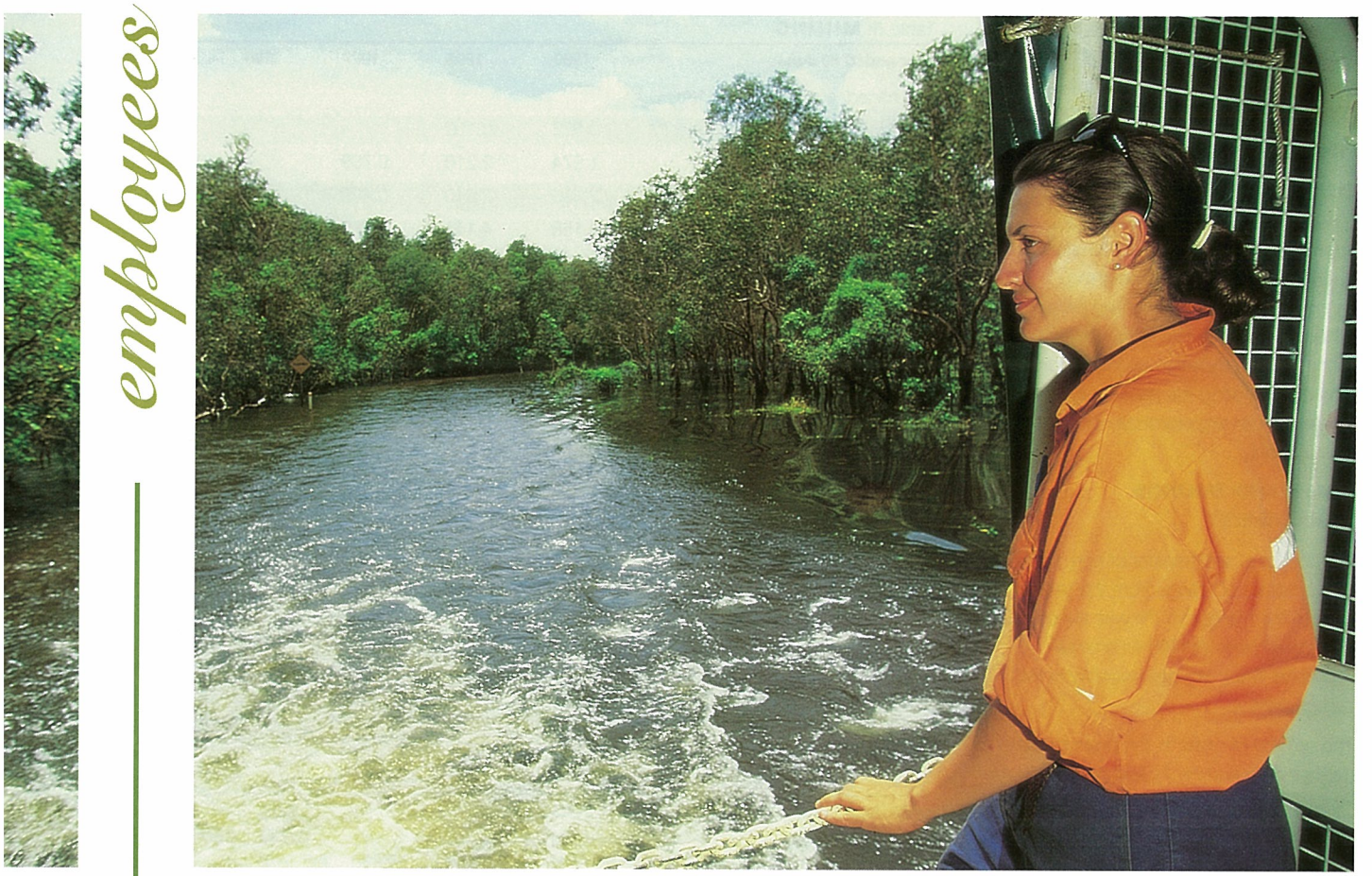
at 30 June	1999			1998		
	Ore million tonnes	Grade per cent U_3O_8	Contained U_3O_8 tonnes	Ore million tonnes	Grade per cent U_3O_8	Contained U_3O_8 tonnes
Stockpile						
Stockpile	6.3	0.22	14,107	5.5	0.23	12,500
Ranger #3						
Proved and probable in pit 0.12% cut-off grade	14.6	0.29	41,959	16.3	0.29	47,200
Ranger #3 additional stage 4	2.5	0.30	7,587	–	–	–
Total Ranger #3 insitu reserves	17.1	0.29	49,546	16.3	0.29	47,200
Jabiluka						
Proved and probable 0.2% cut-off grade	19.5	0.46	90,400	19.5	0.46	90,400

Note: The ore reserves have been complied by A. Browne (Ranger stockpile and Ranger #3) and B Tulloch (Jabiluka). Both are Competent Persons as defined in Appendix 5A of the ASX Listing Rules and this report accurately reflects the informatiion compiled by them.

Stockpile reserves are 6.3 million tonnes at 0.22 per cent U_3O_8 containing 14,107 tonnes U_3O_8.

Reserves at Jabiluka remain unchanged from last year as no further exploratory drilling was undertaken. With access to the Jabiluka orebody completed, ERA intends to undertake drilling in the upper portion of the orebody to confirm the existing geological interpretation. Results of this work will be used in detailed mine planning during the next 12 months.

employees



Environmental officer Renee Doyle looks from the back of a truck used to carry personnel across the flooded Magela Creek during the wet season.

1999 HIGHLIGHTS

- Ranger was awarded the highest Safety and Health rating by the National Safety Council of Australia
- Development of ERA vision and values in consultation with employees
- Introduction of a supervisors' training program
- Increase in number of employees signing on to Australian Workplace Agreements
- Aboriginal employment now 15 per cent of Ranger workforce

2000 OBJECTIVES

- Continue to improve employment and training opportunities for local Aboriginal people
- Continue ERA vision and values program
- Maintain Five-Star Safety and Health rating

AUSTRALIAN WORKPLACE AGREEMENTS

Transition to the new Australian Workplace Agreements (AWA) took place throughout the year as employees recognised the benefits of the AWA. As at 30 June 1999, 57 employees were covered by AWA (1998: 33 employees). The year was dispute free, with no days lost due to industrial action. Ranger has now operated for eight years without lost time due to industrial action.

Ranger employee turnover for the year was 19 per cent (1998: 16 per cent), with a total Ranger workforce of 240 employees at 30 June 1999.

ERA VISION AND VALUES

During the year, North Limited – ERA's major shareholder – launched the "North

Way" of doing business. The North Way has been developed to identify the key drivers that contribute to making North a successful mining company.

The North Way of doing business is a global concept of "working to win" based on four principles:

- Potential of people
- Power of the team
- Value of resources
- Relationships with customers.

The North Way has been successfully implemented across ERA through a series of workshops involving all employees. This initiative stimulated the creation of an ERA vision and set of values.

ERA's vision is "achieving success above all challenges". Its core values are a "high level of trust' and "open and honest communication". All employees have been involved in the process and the vision and values have been agreed as the manner in which all employees are expected to act.

ABORIGINAL EMPLOYMENT

Providing meaningful employment opportunities to Aboriginal people, particularly those who live in the local area, is part of ERA's Aboriginal employment commitment.

ERA has made employment commitments for local Aborigines in agreements with Traditional Owners for both Ranger and Jabiluka. The number of Aboriginal people employed by the Company at 30 June 1999 was 36, or 15 per cent of the workforce.

Aboriginal people are encouraged to apply for all vacant positions at Ranger and Jabiluka. Subject to operational requirements, vacant positions are only filled by non-Aboriginal people if it is determined that suitable local Aboriginal people cannot be recruited to positions. At this time, local Aboriginal people are denied access to work at Jabiluka by the expressed wishes of the Gundjehmi Aboriginal Corporation.

TRAINING

ERA introduced a training program for frontline supervisors during the year. To date, 90 per cent of supervisors have been through the program. The primary focus of the program is to develop effective people management skills, which are consistent with the Company's visions and values and the North Way, such as performance management training, conflict resolution and making sense of business decisions. The Company believes that developing supervisory skills is crucial, as supervisors are the key link to "achieving success above all challenges" – ERA's vision.

SAFETY AND HEALTH

Australia's top independent safety auditor, the National Safety Council of Australia (NSCA) awarded its highest safety and health rating, the Five Star Award, to ERA's Ranger mine.

The award indicates an exceptionally high level of achievement and places the Ranger mine within the top 5 per cent of industry occupational health and safety performances.

Ranger's lost-time injury frequency rate for the period was five compared to the latest national mining industry rate of 11, which illustrates the very high standard the site has achieved.

RADIATION LEVELS

The objective of ERA Ranger's radiation management and monitoring program is to ensure its workforce, members of the public and the environment are not exposed to unacceptable levels of ionising radiation.

The Company uses the limits recommended by the International Commission on Radiological Protection (ICRP) when monitoring radiation exposure. The ICRP recommends limits of 100 millisieverts (mSv) over five years (average 20 mSv per year) or a maximum of 50 mSv in any one year.

Once again, the 1998 calendar year saw no individual exposed to unacceptable levels. In particular:

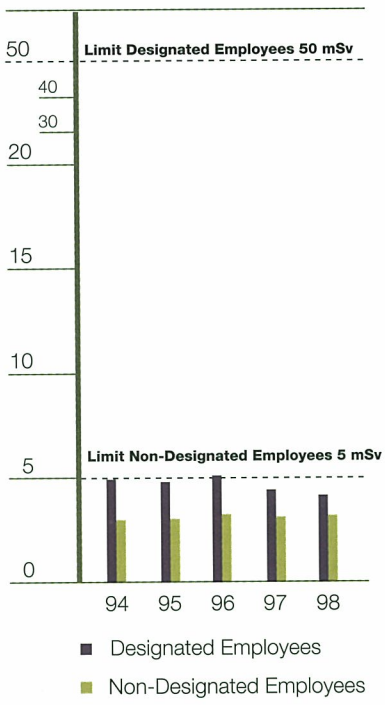
- The average effective dose for designated (working in mine or mill) employees was 3.2 mSv (1997: 3.8 mSv)
- The effective dose for non-designated (working in offices, workshop, stores) employees was 1.4 mSv (1997: 1.3 mSv).

These values are well below the ICRP standard of 20 mSv per year.

For members of the public, specifically those living in Jabiru, the effective dose was determined at 0.03 mSv (1998: 0.05 mSv). The ICRP recommends doses can be no higher than 1 mSv above background, which naturally occur around the Kakadu region at levels of 2–3 mSv.

The high standard of radiation safety is achieved by appropriate engineering design, operating procedures and continuous training.

AVERAGE ANNUAL RADIATION DOSES AT RANGER



community



Miwa Kamata of Japan & Trine Jenson of Denmark (ATCV volunteers) and Gerald Franey (CDEP) carrying trays of eucalypts to be planted at Ranger.

1999 HIGHLIGHTS

- Increased level of Aboriginal employment
- Expansion of the mentoring program for Aboriginial employees
- Continued good relations with wider Aboriginal community

2000 OBJECTIVES

- Maintain and improve level of Aboriginal employment
- Progress Jabiluka negotiations

The Company continued its participation in a number of community events including the 1998 Northern Territory Expo held in Darwin, the Jabiru Wind Festival and the Gunbalanya Open Day.

NEGOTIATIONS

The Northern Land Council (NLC) represents the Traditional Owners in negotiations with ERA. There are three groups of Traditional Owners with overlapping interests in the Ranger and Jabiluka areas.

The Mirrar clan are recognised by the NLC as the owners of the Jabiluka and Ranger land and are represented by the Gundjehmi Aboriginal Corporation with 27 members. The Gagudju Association has approximately 300 members and the Djabulukgu Association has approximately 90 members. The Mirrar clan belong to all three groups.

During the year, the Company held talks with the NLC, the most notable being the negotiations to continue operations at Ranger for 21 years from January 2000. During the negotiations, which included Commonwealth Government representatives, the Ranger Section 44 Aboriginal Agreement was extended. Subsequently, the Commonwealth Minister for Industry, Science and Resources renewed the operating authority effective 9 January 2000. Although the term of the lease is assured, the NLC and Traditional Owners have reserved the right to renegotiate the environmental and financial terms of the lease at a later date.

Representatives of ERA and the Aboriginal Associations in the region met on a regular basis to discuss a variety of issues, including environmental, social, cultural, direct and indirect employment opportunities. ERA has developed an interim cultural heritage management plan covering the Jabiluka lease area.

ERA remains totally committed to the preservation and protection of Aboriginal sacred sites and sites of significance. The Boiwek site is currently subject to an inquiry by the Commonwealth. ERA believes current construction operations and future mining operations will not have any detrimental impact on the site.

ERA believes it is possible to address concerns held by the Mirrar and other Aboriginal people on the issue of the Ranger Mill Alternative.

ROYALTIES

With the commencement of construction of the Jabiluka mine in June 1998, payments totalling $3.75 million have been paid by ERA for use of Jabiluka land.

The majority of the funds have yet to be distributed by the NLC following instruction from the Gundjehmi Aboriginal Corporation which has expressed concerns with the tying of funding to the development of Jabiluka.

Royalty type payments from Ranger for the year to Aboriginal interests were $7.2 million.

ABORIGINAL EMPLOYMENT STRATEGY

ERA's Aboriginal Employment Strategy has resulted in the number of Aboriginal employees increasing to 15 per cent of the Ranger workforce. Aboriginal employment increased over the first six months of 1999 and has remained stable. This has been attributed to a number of initiatives, including:

- The success of ERA's mentoring program which provides support for Aboriginal employees at the workplace
- The extension of the mentoring program to provide support for Aboriginal employees in their social and living environment
- The appointment of an Aboriginal Employment Coordinator, who is in regular and close contact with all Aboriginal employees at Ranger
- The Community Development Employment Program (CDEP), which offers skills training
- Cross-cultural training for all ERA employees.

Aboriginal employees have participated in all areas of the Company's operations including the mine, mill, stores, administration, finance, community development and the environment. This same approach will be adopted at Jabiluka, where ERA is committed to providing Aboriginal people with employment opportunities.

CONTRACTS FOR ABORIGINAL BUSINESSES

ERA also promotes employment opportunities through indirect employment and small business development. The Company contracts Aboriginal businesses in a variety of areas, including rehabilitation and civil works.

Increasing Aboriginal participation in the general community/workforce will remain a focus for ERA in the years ahead.

KAKADU REGION SOCIAL IMPACT STUDY

ERA continues to support the implementation of recommendations stemming from the Kakadu Region Social Impact Study (KRSIS). The 1997 Study, co-funded by ERA, examined the impact of development on the social and cultural lives of the Aboriginal people in the region.

A number of recommendations were made and have been agreed to by ERA at the KRSIS Working Group. They include:

- Employment and training opportunities for local Aboriginal people
- Provision of new housing for Aboriginal families throughout the region
- Assistance for Aboriginal businesses
- Funding for the Family Resource Centre
- Bridging education unit for Aboriginal children.

In addition, funding was recently approved by the KRSIS Working Group for $3.25 million to be spent on water and sewage services at outstations in the northern Kakadu area. The upgrading is due to commence in August 1999.

SPONSORSHIP

ERA continues to provide Aboriginal groups with assistance and sponsorship. This includes: the provision of a night patrol vehicle for outstations; support for the Duke of Edinburgh Award scheme for local Aboriginal students; sponsorship of the Nabarlek Band tour of the Northern Territory; and funding to a number of local youths to represent the Northern Territory in various sporting activities.

ERA has also made available funding to Aboriginal groups through the mechanisms described in the Jabiluka and Ranger agreements.

Various other community groups have benefited from ERA's support including sporting clubs and Jabiru Area School.

ERA completed its $500,000 sponsorship of the Ranger Chair in Aboriginal Studies at the Northern Territory University.

Table 8: **VALUE ADDED** $ million

YEAR ENDED 30 JUNE	1999	1998	1997	1996	1995
Value Added					
Sales & other revenue	174.5	201.5	239.9	188.6	149.3
Less cost of materials & services	51.0	79.0	101.1	69.6	75.5
Total Value Added (Wealth created by ERA)	123.5	122.5	138.8	119.0	73.8
Distribution of Created Wealth					
Employees' salary & wages	13.8	11.6	9.7	8.6	7.5
Government					
company income tax	21.3	20.9	31.1	17.8	23.1
environmental research contribution	1.6	1.6	1.5	1.5	1.6
personal income tax	5.9	5.3	4.5	3.6	2.9
royalties (Aboriginals Benefit Trust Account and NLC)	7.2	8.6	7.1	6.1	4.0
royalties (NT Government)	2.1	2.5	2.0	1.7	1.1
other taxes and payments	3.5	3.4	2.8	2.5	2.2
total	41.6	42.3	49.0	33.2	34.9
Interest to lenders (net)	2.7	1.2	2.2	2.3	2.6
Dividends	26.7	26.7	26.7	26.7	217.4*
Reinvested in the business					
depreciation and amortisation**	43.5	40.7	37.4	34.2	16.4
retained profit from operations	(4.8)	0.0	13.8	14.0	(205.0)
total	38.7	40.7	51.2	48.2	(188.6)
Total Value Distributed	123.5	122.5	138.8	119.0	73.8

* Represents the total amount distributed by the special dividend and the final ordinary dividend. $194.1 million of the special dividend was reinvested in the Company. Both the special dividend and the final ordinary dividend were fully franked.

** Depreciation in 1999 represents the amount included in cost of sales. Prior years depreciation represents amounts charged to cost of production.

environment



Jarrad Mitchell and Kylie Waterson take downstream water samples at Djalkmara billabong.

1999 HIGHLIGHTS

- Ranger continued its high standard of operating without detriment to the surrounding environment and the world heritage values of Kakadu National Park
- Ranger operated a best practice water management system without impact on the surrounding environment – despite another year of higher than average rainfall
- Operation of the site tailings management system met all of the requirements of statutory authorities
- Successful rehabilitation of more than five hectares of capped very low-grade stockpiles

2000 OBJECTIVES

- Maintain record of operating without detriment to the surrounding environment and the world heritage values of Kakadu National Park
- Finalise final landform parameters
- Finalise implementation of the site Environmental, Safety and Health Management System

WATER MANAGEMENT

Rainfall for the wet season was 1,891 mm, 28 per cent above the average of 1,483 mm. As a result, the water inventory is high, however, the water management system of wetland filtration, evaporation and forest irrigation has the capacity to manage the excess non-process water over the dry season. ERA has introduced enhanced evaporation methods to reduce the excess process water inventory and is investigating other active water disposal methods.

TAILINGS MANAGEMENT

The Tailings Dam continued to meet the requirements laid down in the Authorisation to operate.

During the year, 951,838 tonnes of tailings were pumped from the Tailings Dam to Pit #1 and 1,908,481 tonnes were deposited directly from the mill.

Tailings density behaved as expected with average settled density trending downward while dredging of tailings from the tailings dam to Pit #1 was in progress. Tailings are now being deposited only from the mill, and the average dry settled density of the tailings complies with the statutory requirements.

ENVIRONMENTAL PERFORMANCE

Under Ranger's authorisation to operate, ERA is required to report to the Minister for Mines and Energy any infringements of the conditions and requirements of the authorisation. This includes any incident that is a departure from strict compliance with statutory requirements, even if this incident has no detrimental environmental impact.

During the year, there were three technical infringements reported by ERA at Ranger and three at Jabiluka. The Authorities have concluded all infringements were minor, with no evidence of detriment to the environment.

RANGER

- July 1998 – a centrifuge conveyor was sent to Sydney for repairs. Prior to dispatch, the conveyor was decontaminated. However, subsequent dismantling of the

conveyor bearings found approximately 10 grams of uranium diurinate coated on the inside of the bearing casing. The uranium was removed and returned to Ranger for disposal with no environmental or safety impact

- 24 September 1998 – an estimated 0.2 cubic metres of tailings material escaped from a small truck involved in carting some tailings-contaminated earth from the mill area to Pit #1 for disposal. The spill was cleaned up with no environmental impact
- 16 November 1998 – a small amount of water from a sump escaped through a bypassing valve into a borrow pit adjacent to the RP1 wetland filter. The valve has been modified to prevent recurrence. No detriment to the environment occurred.

JABILUKA

- June 1998 – ERA was unable to collect weekly water samples from Swift Creek during June 1998 owing to delays in the reissue of access permits by the NLC. ERA recommenced monitoring following the reissue of the permits. No detrimental environmental impact occurred
- September 1998 – ground vibration and air blast overpressure were not monitored for the first nine portal development blasts because of delays by the NLC in the approval of permanent locations and access permission. Subsequent monitoring demonstrated that the limits would not have been exceeded
- December 1998 – owing to problems with the blast monitors' solar panels, both blast monitors failed to record for a period of eight days. In this time, nine blasts were not recorded. All blasts prior to and after this period did not exceed the prescribed blasting limits and the blast pattern for the non recording period remained the same as was used prior to and after the non recording period.

ENVIRONMENTAL RESEARCH

ERA spent more than $3.5 million on environmental Research and Development (R&D) at Ranger and Jabiluka in 1998–99.

A substantial number (23) of projects related to environmental baseline investigations at Jabiluka. These were carried out in order to fulfil the requirements set down by Commonwealth Ministers as part of the Commonwealth Government approvals for the Jabiluka Environmental Impact Statement and the Public Environment Report for the Jabiluka Mill Alternative. Nineteen projects were undertaken as part of the Ranger Mine R&D Program which focussed on developing cost-effective strategies for decommissioning and rehabilitation of the mine.

As in past years, many R&D projects were carried out in collaboration with staff in Australia's premier government research agencies (CSIRO, ANSTO, ERISS) as well as specialist university departments and private consultants.

Other research effort has been directed towards investigations that solve operational issues at Ranger or to enhance environmental management capability.

The annual Research Workshop was held in December 1998 in Darwin over three days, including a field visit to Jabiluka and Ranger. This provided the opportunity for peer review and discussion of the R&D investigations at Ranger by staff from research organisations, other mining companies and regulatory agencies.

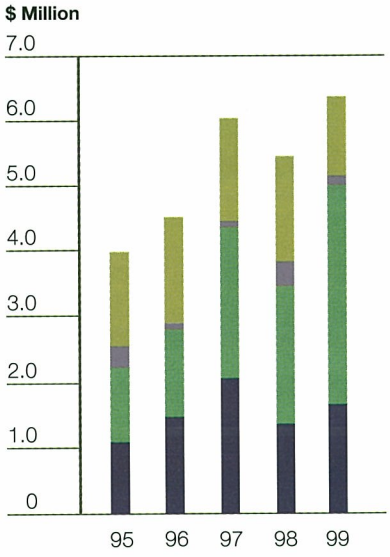
ENVIRONMENTAL SERVICES

ERA Environmental Services Pty Ltd (ERAES), a wholly owned subsidiary of ERA, is a small, specialist environmental consulting business with 21 employees. The Company is based in Darwin and operates on the basis of full cost recovery from project operations. ERAES is a Registered Research Agency.

ERAES consulted extensively to ERA during 1998–99, primarily on environmental baseline investigations at Jabiluka Mine, the Ranger Mine R&D Program, and on various operational investigations. ERAES also contracted environmental services to North Limited business units and selected external clients. Revenue for the year was $3.3 million, of which $0.5 million was from external projects.

Fire-bombing of ERAES' Darwin offices in September 1998 caused significant damage and disruption to ERAES' operations.

ENVIRONMENTAL EXPENDITURE AT RANGER



* From 1997, figures for operating expenditure include radiation expenditure.

marketing



One on one customer relationships are an important part of ERA's marketing strategy.

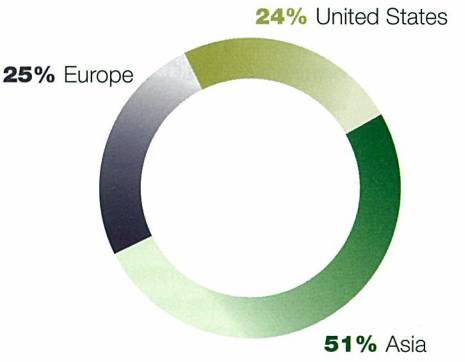
1999 HIGHLIGHTS

- Four new supply contracts signed

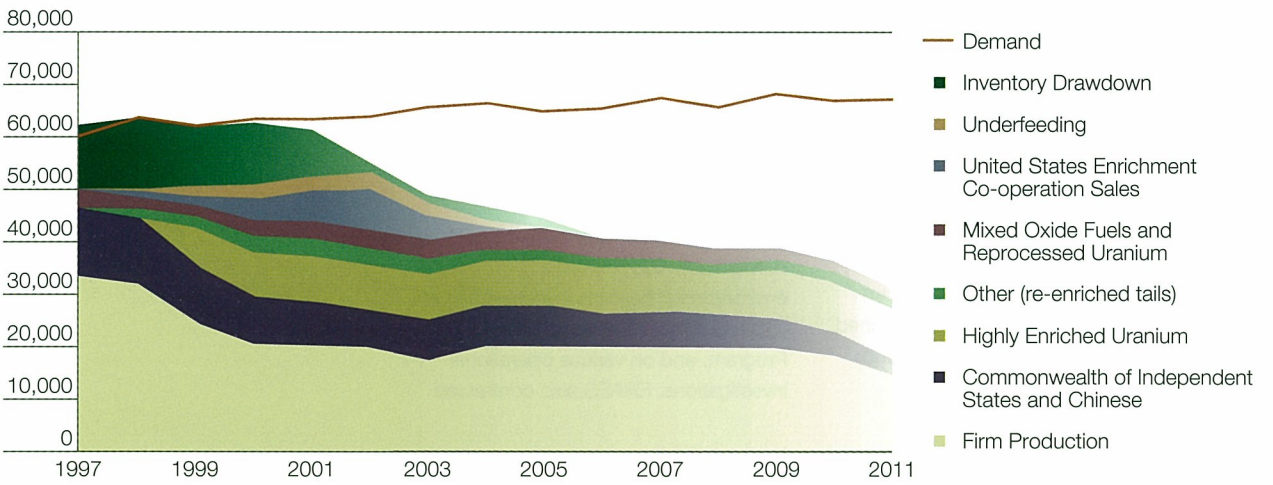
2000 OBJECTIVES

- Continue to write new long term contracts consistent with expanded production capacity
- Optimise stock levels
- Maintain 8 per cent share of western world uranium requirements

ERA SALES REVENUE BY REGION



ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



NUEXCO EXCHANGE VALUE



RANGER SALES

Sales of U_3O_8 from Ranger were lower for the year, following record sales in 1997–98. Ranger origin sales totalled 4,006 tonnes U_3O_8 compared to 4,635 tonnes U_3O_8 for the previous year. The reduced sales resulted from utility customers choosing to exercise minus tonnage flexibilities contained in existing contracts.

There were no third-party sales during the year (1998: 293 tonnes U_3O_8).

All sales were made under strict international and bilateral safeguard arrangements which ensure the uranium is used for peaceful purposes. Sales are overseen by the Australian Safeguards Office, the Commonwealth Government and the International Atomic Energy Agency. There has never been a diversion of nuclear material from a genuine civil nuclear electric power program to weapons.

SUPPLY SOURCES

Continuing the trend of the current decade, just 60 per cent of the western world's uranium requirements were met by primary uranium production. The remainder was supplied by secondary sources including Russian and US Government uranium inventories, de-enriched Russian highly enriched uranium (weapons grade), re-enrichment of depleted uranium and mixed oxide fuels/reprocessed uranium.

As a consequence, the market for primary uranium production has been constrained and, during the year, several producers announced plans for either a cessation of production or production cutbacks. This constraint in western production is likely to continue until excess inventories held by power utility customers are reduced to manageable levels.

SPOT MARKET

The spot price for U_3O_8 fluctuated during the year, falling to a low of US$8.75 per pound U_3O_8. As at 30 June 1999 the spot price had recovered to US$10.40 per pound U_3O_8 (1998: US$10.75 per pound U_3O_8).

Spot market volume for the first six months of calendar 1999 was over 6,000 tonnes U_3O_8 compared to total spot market volume in calendar year 1998 of 4,350 tonnes U_3O_8. Despite the significant increase in market activity, some sellers are still prepared to lock in sales at the current market prices.

ERA believes the price will recover in the near future as United States utilities re-enter the market to purchase uranium concentrate for their uncovered requirements from 2000/2001.

While ERA sells only under long-term contracts, the spot price does impact on the Company because a portion of pricing mechanisms under long-term contract reference the spot price at the time of delivery.

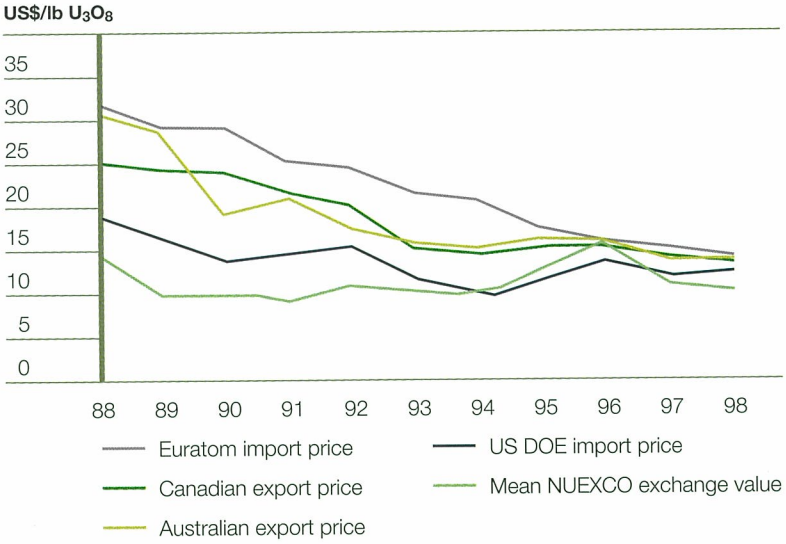
NEW CONTRACTS

Two contracts with a US utility, one contract with a Scandinavian utility and one contract with a Japanese utility were signed during the year.

ERA has contracts with utilities which allow the supply of concentrate sourced from Jabiluka.

ERA's forward contract portfolio now stands at 25,000 tonnes U_3O_8 over the next ten years providing a strong base for the Ranger operation and the development of Jabiluka.

MARKET PRICES



directors' outlook



Malcolm Broomhead
Chairman



Tom Barlow



Alex Carmichael

Aboriginal approval for ERA's preferred option for Jabiluka remains the Company's primary objective for the next year.

In the past year, ERA has secured all government approvals for Jabiluka and has progressed the mine with the completion of all surface facilities and the decline access to the orebody.

The Company will now continue negotiations with the Northern Land Council (NLC) for permission to mill Jabiluka ore at Ranger rather than constructing a new mill and tailings facilities at Jabiluka. To this end, the Company has created a special team to progress these negotiations.

The milling of Jabiluka ore at Ranger (the RMA) has always been ERA's preferred option since acquisition in 1991. The RMA is recognised as offering the opportunity for better environmental, social and economic outcomes. However, the Company still reserves the right to develop the Jabiluka Mill Alternative (JMA) should it be forced to by the Traditional Owners continuing to oppose the RMA. Regardless of which option is finally adopted, ERA will honour its commitment to phase in Jabiluka production as production of Ranger material is phased out.

The development of Jabiluka will ensure ERA's long-term future as an efficient low-cost producer of uranium to the world's nuclear electricity utilities.

Although ERA has had reduced sales in the past year, the medium to longer term augurs well.

For the past decade, the market for primary uranium production has been constrained, with about 40 per cent of the western world's requirement for uranium being met by secondary sources, such as surplus inventory held by power stations and disposal of highly enriched Russian uranium.

This constraint in western production is likely to continue until excess inventories held by industry participants are reduced to manageable levels, expected in the medium to longer-term. Demand for production is expected to improve by 2001 as inventories are depleted and existing contracts held by US and European utilities come up for renewal.

Better long-term market certainty and stability is also expected to flow from the signing of the commercial agreement for the orderly disposal of the excess Russian highly enriched uranium (HEU) between three North American/European uranium enterprises and the Russian Federation Ministry of Atomic Energy on 24 March 1999.

The agreement is for the marketing of uranium diluted from Russian nuclear weapons for use as fuel in nuclear electricity stations and provides for stockpiling the uranium for up to 10 years or until it can be sold without disrupting the market.

In the immediate future, ERA will maintain production from Ranger at approximately 4,000 tonnes U_3O_8 per year. This rate is generally in line with minimum contracted tonnages.

ERA has the capacity to quickly increase Ranger production to between 5,500 and 6,000 tonnes U_3O_8 per year when market conditions improve.

ASIAN MARKET

During 1998 there was general business concern in Australia about the impact of the Asian economic crisis.

Sales of ERA uranium to Asia remained strong during the year reflecting the fact that electricity from nuclear reactors is considered base load.

Recent indications are that business confidence is returning as the Asian economies recover from the crisis. This provides renewed optimism for the future economic development of this region and the continued development of nuclear plants to power the expanding economies.



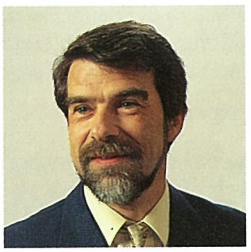
Robert Cleary
Chief Executive



Brian Hickman



Timothy Knott



Didier Panthout



Masuo Shibata

Asia is still the largest growth area for nuclear power capacity with 15 reactors currently under construction and plans for 50 new nuclear power stations. Many countries like Japan are also committed to expanding nuclear power as a way of meeting the greenhouse gas reductions following the Kyoto conference.

SUPPLY AND DEMAND

Western world production of uranium in calendar year 1998 was 40,000 tonnes U_3O_8, a decrease of 5 per cent over 1997 production of 42,000 tonnes U_3O_8. Production in 1999 is expected to reduce substantially following the announcement in late 1998 of major production cutbacks by world producers.

In Canada, Cameco announced cutbacks in production of 4,500 tonnes U_3O_8 per year, while COGEMA announced the closure of its Cluff Lake operations from 2000. Several smaller producers in the US also announced the closure of their mines.

ERA responded to the market conditions by reducing production to 4,000 tonnes U_3O_8 per year in January 1999.

With only 60 per cent of the western world's uranium requirements being met from mine production in 1998, the balance was made up from surplus inventory. This surplus inventory comprises excess utility inventory, disposal of highly enriched uranium (uranium processed down from weapons grade material), and the excess US Government inventory made available with the privatisation of the United States Enrichment Corporation (USEC) in 1998.

ERA's supply and demand analysis assumes the continued workdown of these inventories over the next ten years. The analysis confirms the need for new supply from ERA and the new Canadian mines to meet future demand requirements.

Reactor requirements for uranium are not expected to grow significantly in the near term as new generating capacity is brought on-line to replace older capacity. The Uranium Institute forecasts growth in nuclear generating capacity will increase by 1 per cent per year over the next 20 years.

In Germany and Sweden there is political pressure to close existing nuclear power plants. However, the economic reality of such closure means that in practical terms, any phase-out will probably occur over a 20–30 year timeframe.

In the US and the UK, deregulation of the electricity generating market has resulted in improved operating performance at many plants as the operators seek to achieve higher capacity factors.

The reduced unit generating costs as a result of the increased capacity factors will ensure the survival of these plants in the deregulated market.

The improved performance has also given some utilities the confidence to purchase under-performing plants from other utilities. With increased economies of scale and shared operating experience, many of these plants are expected to return to a competitive position.

The commitments to reduced greenhouse gases, as agreed to at the Kyoto Conference in December 1997, offer further optimism for growth in nuclear power as individual countries implement policies to meet their agreed targets.

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directors' report

FOR THE YEAR ENDED 30 JUNE 1999

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the financial report of the Company and the consolidated financial report of the consolidated entity being the Company and its controlled entities, for the year ended 30 June 1999 and the auditors' report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

NAME AND QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr M W Broomhead BE, MBA, C Eng Chairman	46	Was appointed to the ERA Board in January 1992, as Deputy Chairman in February 1994 and as Chairman in January 1999. Mr Broomhead is Managing Director of North Limited.
Mr T Barlow BE(Hons) Director	70	Was appointed to the ERA Board in February 1996 and has been a Director of North Limited since June 1993. He is a former Executive Director of CRA Ltd and former Chairman of Melbourne Water Corporation.
Mr A Carmichael AO, CBE BSc Director	62	Was appointed to the ERA Board in February 1993 and has been a Director of North Limited since March 1988. Mr Carmichael is also a Director of the Pricewaterhouse Partnership.
Mr R A Cleary BSc(Tech) Chem Eng Chief Executive	55	Was appointed Chief Executive and a Director of ERA in July 1999. Mr Cleary previously held the positions of Deputy Chief Executive and General Manager Operations.
Dr B S Hickman BSc, MSc, DSc, FAusIMM, FTSE Director	66	Was appointed to the ERA Board in August 1997. Dr Hickman is a Director of Illawarra Technology Corporation Ltd and ARRB Transport Research Ltd. He was formerly Managing Director of AMDEL Ltd.
Mr T J Knott LLB, FCIS, FCIM Director	54	Was appointed to the ERA Board in January 1999. Mr Knott is currently Executive Director, Finance of North Limited and a Director of Iron Ore Company of Canada, Robe River Iron Associates and Zinkgruvan Mining AB.
Mr D Panthout Director	44	Was appointed as an Alternate Director to the ERA Board in January 1996 and as Director in October 1998 at the nomination of the B Class shareholders. Mr Panthout, a business administration graduate, is Regional Manager – Central Asia and Australia at the Cogema Mining Division. He was formerly Managing Director of Cogema Australia Pty Ltd.
Mr M Shibata Director	69	Was appointed to the ERA Board in February 1991 at the nomination of the C Class shareholders. Mr Shibata is President of Japan Australia Uranium Resources Development Co Ltd (JAURD) and also President of Japan Indonesia LNG Co Ltd (JILCO).
Mr C McC Anderson BEc	57	Was appointed Chairman of ERA in January 1994 and retired as Director and Chairman in December 1998. He was previously Managing Director of North Limited and Managing Director and Chief Executive of Renison Goldfields Consolidated Limited.
Dr P Kausch	60	Was appointed to the ERA Board in October 1996 at the nomination of the B Class shareholders and resigned in October 1998. Dr Kausch, a mining engineer, is Senior Vice-President Business Development Division of Rheinbraun and Chairman of Rheinbraun Australia Pty Limited.
Mr P J Shirvington MSc	58	Was appointed Chief Executive and a Director of ERA in March 1994 and resigned from both positions in July 1999.

The number of Directors' and Audit Committee meetings and the number of meetings attended by each of the Directors of the Company during the financial year are shown below:

DIRECTOR	DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS	
	NO. ATTENDED	NO. HELD*	NO. ATTENDED	NO. HELD*
C McC Anderson	4	4	2	2
T Barlow	5	7	–	–
M Broomhead	7	7	2	2
A Carmichael	7	7	4	4
P Kausch	2	2	–	–
J McKillop (alternate for P Kausch)	1	1	–	–
T Knott	3	3	–	–
D Panthout	4	4	4	4
B Hickman	6	7	4	4
P Shirvington	7	7	–	–
M Shibata	2	2	–	–
S Chida (alternate for M Shibata)	2	2	–	–
K Takai (alternate for M Shibata)	1	1	–	–
K Tsuzuku (alternate for M Shibata)	2	2	–	–

* *Reflects the number of meetings held during the time the Director held office in the 1999 financial year.*

Note: On the occasions that Messrs P Kausch and M Shibata could not attend a meeting of Directors their alternates attended as required by the Articles of Association.

The interests of each Director in the share capital of companies within the consolidated entity, the Company or in a related party as at the date of this report are shown below:

DIRECTOR	ERA*	NORTH**
T Barlow	–	2,000
M Broomhead	–	11,000 307,500 Options
A Carmichael	–	13,705
D Panthout	11,620	–
B Hickman	1,000	1,000
T Knott	–	7,378 70,000 Options
R Cleary	–	13,000 shares 190,000 Options

KEY:

* *ERA: Energy Resources of Australia Ltd – ordinary shares.*

** *North: North Limited – ordinary shares.*

(Options to subscribe for ordinary shares under the North Limited Share Option Incentive Plan).

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year consisted of:

(i) mining, processing and the sale of uranium; and

(ii) providing environmental consulting services by ERA Environmental Services Pty Ltd.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were:

	$000
In respect of the previous financial year:	
• As proposed and provided for in last year's financial report, paid on 23 September 1998 a final dividend of $0.08 per share, franked to 100% with Class C (36%) franking credits	15,259
In respect of the current financial year:	
• An interim dividend of $0.03 per share franked to 100% with Class C (36%) franking credits, was paid on 25 February 1999	5,722
• A final dividend of $0.11 per share, franked to 100% with Class C (36%) franking credits was declared on 19 August 1999, payable on 22 September 1999	20,981
Total dividends provided for or paid in respect of the year ended 30 June 1999.	26,703

The Company's Dividend Reinvestment Plan and Bonus Share Plan did not operate in respect of the interim dividend and will not operate in respect of the final dividend.

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directors' report CONTINUED

FOR THE YEAR ENDED 30 JUNE 1999

REVIEW AND RESULTS OF OPERATIONS

The operating profit after tax for the consolidated entity for the year ended 30 June 1999 was $21.898 million (1998: $26.732 million). Sales revenue for the year ended 30 June 1999 was $172.930 million (1998: $201.336 million).

A full review of the operations of the consolidated entity during the year ended 30 June 1999 and the results of those operations is shown in this Annual Report in the sections entitled Chairman and Chief Executive's Report, Finance, Development, Operations, Employees, Community, Environment, Marketing and Directors' Outlook (pages 2 to 19).

STATE OF AFFAIRS

Ranger sales levels decreased to 4,006.0 tonnes U_3O_8 (1998: 4,635.3 tonnes U_3O_8). The reduction in sales was a result of several existing customers exercising their option to reduce their purchases for the year. In addition to the Ranger sales in 1998 there were third party sales of 292.5 tonnes U_3O_8 (1999 total sales: 4,006.0 tonnes U_3O_8; 1998 total sales: 4,927.8 tonnes U_3O_8).

The average spot (market) price was US$10.07 per pound U_3O_8 for the year compared to US$11.23 per pound U_3O_8 in 1998. The spot price affects less than half of ERA's current revenue even though ERA sells primarily on the long term market.

Four new sales contracts were signed during the year, with contracts now in place for over 25,000 tonnes of production over the next ten years.

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

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

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

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

Capital expenditure for the year increased to $45.0 million (1998: $26.3 million) mainly relating to costs associated with the development of Jabiluka, upgrading of the Ranger Mill acid plant and updating of the Company computer systems.

On 12 July 1999 the World Heritage Committee, by a majority of 20 to 1, confirmed that the Jabiluka Project would not cause Kakadu's world heritage status to be placed in danger. The Company agreed to phase Jabiluka into production as Ranger mine production is phased out. On this basis, limited ore processing is expected to commence from Jabiluka in 2001.

ENVIRONMENTAL REGULATION

The Directors are not aware of any significant environmental breaches during the period covered by this report. The Ranger operation has had no detrimental impact on the surrounding environment over its 19 years of operation.

ERA operates in accordance with relevant Federal and Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations.

Under ERA's authorisation to operate, ERA is required to report to the Minister for Mines and Energy (NT), the Office of the Supervising Scientist, the Commonwealth Department of Industry, Science & Resources and the Northern Land Council, any infringements of the conditions and requirements of the authorisation. This includes any incident that is a divergence from strict compliance with statutory requirements, even if this incident has no detrimental environmental impact.

During the year there were three technical infringements reported by ERA at Ranger and three at Jabiluka. The independent Authorities have concluded all infringements were minor, with no evidence of detriment to the environment.

Details of ERA's environmental performance are included in the Environment Section of the Annual Report (page 14-15).

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any item, transaction or event not otherwise referred to in this Annual Report that has arisen in the interval between the end of the financial year and the date of this report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

LIKELY DEVELOPMENTS

In the opinion of the Directors, likely developments in the operations of the consolidated entity known at the date of this report have been covered within the Annual Report, the Balance Sheet and Profit and Loss Statement and notes thereto.

A review of developments and the expected results for ERA is presented in the sections entitled Chairman's and Chief Executive's Report and Development in this Annual Report.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' and senior executives' remuneration and benefits are set out in note 26.

SHARE OPTIONS

No options on shares in ERA or in any controlled entity have been granted during the financial year and up to the date of this report nor are any such options outstanding.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Article 179 of the Company's Articles of Association provides that every Director, Manager, Officer, Employee or Auditor of the Company shall be indemnified out of the funds of the Company against all liability incurred by them in defending any proceedings in which they are successful.

The Corporations Law prohibits a company from indemnifying directors, secretaries, executive officers and auditors from liability except for liability to a party, other than the Company or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and except for liability for costs and expenses incurred in defending proceedings in which the officer or auditor is successful. An indemnity for officers or employees, who are not directors, secretaries or executive officers, is not expressly prohibited by the Corporations Law.

The Directors and Secretaries of the Company (named below) have the benefit of the indemnity in Article 179:

T Barlow, M Broomhead, A Carmichael, R Cleary, D Panthout, B Hickman, T Knott, G Mallett, M Shibata (Alternates S Chida, T Yonezawa, K Takai, K Tsuzuku) and the following former Directors C McC Anderson, Y Hirono (Alternate for M Shibata), H Suzaki (Alternate for M Shibata), P Shirvington and P Kausch (Alternates D Panthout and J McKillop).

The indemnity also applies to executive officers of the Company (being the Chief Financial Officer and General Managers and other executives and managers who are concerned, or take part in the management of the Company) as well as other employees.

KPMG, as Auditor of the Company, also has the benefit of the indemnity in Article 179.

Insurance

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability.

The policy indemnifies all Directors and Officers of ERA and its controlled entities (including the Directors, Secretaries, and Executive Officers referred to above) against certain liabilities.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Directors have not included details of the nature and of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' Liability as such disclosure is prohibited under the terms of the contract.

INFORMATION ON AUDITORS

KPMG continues in office.

Signed at Sydney this 19th day of August 1999 in accordance with a resolution of the Directors.



M W Broomhead

Director

19 August 1999

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corporate governance statement

FOR THE YEAR ENDED 30 JUNE 1999

This statement outlines the main corporate governance practices that were followed during the financial year. In developing these practices, the Company recognises that the minimum standard of behaviour laid down in the Corporations Law is not by itself adequate to ensure that the best interests of the corporation are properly served.

THE ROLE OF SHAREHOLDERS

The Company's shareholders vote on the appointment of Directors.

The Board seeks to inform shareholders of all major developments affecting the Company by:

- distributing the annual report to all shareholders;
- preparing quarterly financial reports and making these available to all shareholders; and
- advising shareholders from time to time of key issues affecting the Company.

The Annual General Meeting (AGM) is held to enable shareholders to receive reports from the Board and ask questions about the Company's activities.

Shareholders are encouraged to communicate with the Company if they have issues concerning the Company.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Company's strategy and goals.

SHAREHOLDERS AGREEMENT

The float of ERA in 1980 involved the issue of A Class shares to members of the public, as well as B and C Class shares to ERA's major customers. Prior to the float, the major shareholders and ERA entered into a Shareholders Agreement to govern certain aspects of the conduct of ERA's affairs and their relationship with each other in the future. The current parties to the Shareholders Agreement are North Limited, the B and C Class shareholders and ERA.

Among other things, the Shareholders Agreement contains restrictions on the issue of further A, B and C Class shares (except in certain circumstances). It requires ERA to seek listing of any B and C Class shares which are converted into A Class shares and grants the B and C Class shareholders certain rights of first refusal to purchase from ERA a proportion of additional uranium concentrates which arise in certain circumstances.

The Shareholders Agreement provides for the establishment of an Advisory Committee, called the Operations Review Committee to which the B and C Class shareholders and North Limited may appoint representatives.

In addition, the Shareholders Agreement contains various restrictions on the sale of the parties' shares in certain circumstances, as well as containing a commitment by the shareholders to support a dividend policy which aims, so far as is prudent and having regard to ERA's contractual commitments and viability, to ensure that at least 75% of ERA's published audited after tax profits are distributed by way of dividend.

BOARD COMPOSITION

ERA is owned 68.4% by North Limited, 14.5% by B Class shareholders, 10.6% by Japanese customers (C Class shareholders) and 6.5% by the general public. Board representatives reflect this ownership structure with four Directors appointed by North Limited, one Director each for B and C Class shareholders, one Director independent of the major shareholders and the Chief Executive.

As an overall objective, the composition of the Board seeks to provide an appropriate range of experience, skills, knowledge and perspectives to enable it collectively to appoint, guide and supervise high quality management of the Company's business.

Recognising the special responsibility of non-executive Directors for supervising executive management, and the importance of independent views, the roles of Chairman and Chief Executive are separated.

All of the Directors of the Company are experienced in the management of resources and/or related industries. Where necessary specific education for new Directors, about the nature of the Company's business, current issues, corporate strategy, etc., is provided.

The Directors are all fully aware of their responsibilities to act on behalf of the Company and all shareholders. A new Director is provided with necessary documentation such as a copy of the Company's Memorandum and Articles of Association and Standards of Business Conduct.

Under the Company's Articles the maximum number of Directors is nine.

The Board comprises eight Directors, details of which are set out on page 20 Messrs M Broomhead, T Barlow, A Carmichael and T Knott are Directors of ERA's 68.4 per cent parent Company, North Limited. Dr B Hickman is an independent director elected by shareholders.

Under the Company's Articles, B and C Class shareholders, who represent ERA's major customers, have special Director appointing powers, entitling each class to appoint one Director to the Board. Mr D Panthout has been appointed by the B Class shareholders and Mr M Shibata, by the C Class shareholders.

Mr R Cleary is ERA's Chief Executive and is the only executive Director of the Company.

The Company's Articles require that Directors, other than B and C Class Directors, submit themselves for re-election by shareholders at the first general meeting following their appointment. Furthermore, approximately one third of all Directors, other than B and C Class Directors, retire by rotation each year and must be re-elected by shareholders in order to remain on the Board.

BOARD APPRAISAL

Having regard to the ownership structure of the Company, the evaluation of Directors' performance is the responsibility of the relevant class of shareholder. The Directors nominated by North Limited are assessed under the North Board guidelines, whereby the performance of each Director is assessed against a range of relevant criteria, with the outcome of the review discussed with the Director concerned.

BOARD MEETINGS

The Board currently meets seven times per year. At these meetings management provides a report on all key matters affecting the business and seeks approval for specific proposals outside its delegated authority.

In addition to Board meetings, Directors receive briefings by management on specific aspects of the business, enabling them to further their comprehensive understanding of issues facing the business from the managers themselves.

Comprehensive reviews of both Company strategy and business plans are carried out at least annually.

The Board holds at least one Board Meeting at Ranger each year to enable Directors to inspect the operations and meet a wide range of employees.

INDEPENDENT PROFESSIONAL ADVICE

The Company's Articles entitle Directors (and officers) of the Company to be indemnified out of the funds of the Company for costs and expenses incurred in successfully defending legal proceedings.

There is no formal Board procedure laid down for Directors wishing to seek independent professional advice at the Company's expense, in the furtherance of their duties. However, the Board recognises that there may be circumstances in which individual Directors are entitled to independent professional advice at the Company's expense, in the furtherance of their duties. Any such matter would be for the Board to consider at the time, in the light of the specific circumstance, and having in mind the Article referred to above.

REMUNERATION ARRANGEMENTS

ERA does not have a separate Remuneration Committee. However, this function is performed by the North Limited Remuneration Committee which reviews the remuneration of Directors (non-executive and executive), senior managers and general remuneration levels, policies and practices across the North Group. The Remuneration Committee seeks independent advice on the appropriateness of remuneration packages where circumstances require it.

The current fees for non-executive Directors are $20,000 per annum. The Chairman receives $60,000 per annum. Fees for Directors nominated by North Limited are paid to North Limited directly. No additional fees are paid to members of the Audit Committee. Further details of Directors' remuneration, superannuation and retirement payments are set out in note 26 to the financial statements.

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AUDIT COMMITTEE

ERA's Board has an Audit Committee of non-executive Directors. The Committee is chaired by Mr M Broomhead and also comprises Mr A Carmichael, Mr D Panthout and Dr B Hickman. The Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's external auditors and relevant company executives. The Committee met four times during the year.

The appointment of external auditors is a function of the full Board, on the recommendation of the Audit Committee and is subject to the approval of shareholders.

Among the Committee's responsibilities is the review of the adequacy of existing internal and external audit arrangements, accounting policies, financial reporting and procedures, risk management, taxation and the oversight of compliance with internal control systems. The Company reports quarterly on its financial performance.

The Committee receives regular reports from management on the Company's taxation, internal audit, risk management and insurance affairs. The Committee reports to the Board after each meeting and the papers and minutes are available to all Directors.

RISK MANAGEMENT

The management of risk is an integral part of the responsibility of both the Board and management, and is carried out through an integrated risk management assurance process.

The consideration and approval by the Board each year of the budget and five year plan put forward by management assists the Board and senior management to identify significant risks and put in place strategies to deal with them.

The Board has also put in place a number of arrangements to identify and manage risk. These include:

- the identification and regular review of all of the significant business risks facing the organisation;
- the provision of information by senior management and the Board, on a periodic basis, as to the status of any plans, controls, policies and/or procedures to manage the significant business risks;
- guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- guidelines, limits and controls for all financial exposures including the use of derivatives;
- a regulatory compliance program;
- an integrated environment, safety and health policy, supported by a set of standards and management systems which recognise the Company's commitment to achieving high standards of environmental, safety and health performance in all its activities; and
- a comprehensive annual insurance program, which will be reviewed by the Audit Committee.

Management is required to provide regular reports to the Board on all these matters.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a program of internal audit and the careful selection and training of qualified personnel.

ETHICAL STANDARDS

The ERA Board has adopted the North Limited standards of business conduct to be met by all Directors and employees. These standards extend beyond prescribed procedures in the Company's Articles, the requirements of company legislation and the Listing Rules of the Australian Stock Exchange and require the observance of the highest ethical standards.

SALE/PURCHASE OF SHARES BY DIRECTORS AND EMPLOYEES

Guidelines for all Company employees and Directors on the purchase and sale of shares prohibit the purchase or sale of the Company's or North Limited securities while in possession of price sensitive information.

investors' information

FOR THE YEAR ENDED 30 JUNE 1999

ANNUAL GENERAL MEETING

The 1999 Annual General Meeting will be held at 10:00 am on 21 October 1999 at the All Seasons Premier Menzies Hotel, 14 Carrington Street, Sydney.

TYPES OF SHARES

ERA has three classes of shares; A, B and C. The different classes have equal voting rights. However, B and C Class shareholders have special Director appointing powers. The publicly listed shares are limited to A Class shares.

TAX FILE NUMBERS

Tax File Numbers or Exemption details are recorded from shareholders who wish to advise the information. Dividend advice statements when issued to shareholders indicate whether or not a shareholder's Tax File Number has been recorded. ERA normally pays fully franked dividends. In the event of an unfranked dividend being paid, ERA will be required to deduct tax at the top marginal rate from the dividend paid to shareholders resident in Australia who have not supplied a Tax File Number or Exemption Form.

INFORMATION ON SHAREHOLDING

Shareholders who require information about their shareholding or dividend payment should contact ERA's principal registry.

Shareholders who have changed their address should advise the change in writing to:

ERA Share Registry
C/- Computershare Registry Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney NSW 1115)
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

Sponsored shareholders should note however that they should contact their sponsored broker to initiate a change of address.

New South Wales

C/- Computershare Registry Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney NSW 1115)
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

Victoria

C/- Computershare Registry Services Pty Ltd
Level 12
565 Bourke Street
MELBOURNE VIC 3000
Telephone: (03) 9611 5711
Facsimile: (03) 9611 5710

Australian Capital Territory

C/- Ernst & Young
54 Marcus Clarke Street
CANBERRA ACT 2600
(GPO Box 281
CANBERRA CITY ACT 2601)
Telephone: (02) 6247 3888
Facsimile: (02) 6257 2648

profit and loss statements

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	CONSOLIDATED 1999 $000	CONSOLIDATED 1998 $000	THE COMPANY 1999 $000	THE COMPANY 1998 $000
Revenue	2	175,181	204,115	174,481	203,285
Operating profit before interest and tax		45,831	48,810	46,002	48,493
Net interest expense	2, 3	2,679	1,193	2,686	1,197
Operating profit before income tax	3	43,152	47,617	43,316	47,296
Income tax attributable to operating profit	4	21,254	20,885	21,314	20,769
Operating profit after income tax		21,898	26,732	22,002	26,527
Retained profits at the beginning of the financial year		64,443	64,414	63,946	64,122
Total available for appropriation		86,341	91,146	85,948	90,649
Dividend provided for or paid	5	26,703	26,703	26,703	26,703
Retained profits at the end of the financial year		59,638	64,443	59,245	63,946
Basic and diluted earnings per share	34	11 cents	14 cents		

The above profit and loss statements should be read in conjunction with the accompanying notes set out on pages 31 to 55.