2002 Annual Report

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ERA

THE PURSUIT OF EXCELLENCE HAS REWARDS

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Our focus in implementing systems such as the Performance Enhancement Program, our commitment to a better environment and our determination to seek better engagement with the community is creating a new culture for ERA.

We strive for improvement and we strive for excellence.

This has led to a year of achievement and reward for ERA.

AFTER TAX PROFIT OF **$21.2m**

A SAFETY ACHIEVEMENT OF 12 MONTHS LOST TIME INJURY FREE

NO DETRIMENTAL IMPACT ON SURROUNDING ENVIRONMENT

A DIVERSIFIED WORKFORCE WITH ABORIGINAL EMPLOYMENT ABOVE INDUSTRY AVERAGE

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2003 OBJECTIVES

ERA's Corporate Objectives for 2003 are to:

- **improve safety performance and become compliant with the Australian Standard for Occupational Health and Management Systems AS 4801-2000;**
- **improve profitability and shareholder returns through the Performance Enhancement Program and an improved sales contract portfolio;**
- **achieve compliance with ISO 14001 environmental standards; and**
- **build and implement ERA's Sustainable Development Program.**

Company Profile

Energy Resources of Australia Ltd (ERA) is the world's third-largest uranium producer. Since 1981, the Company has mined uranium ore to produce uranium oxide at the Ranger Mine located 250 kilometres east of Darwin in Australia's Northern Territory. ERA sells its products to power utilities in Japan, South Korea, Europe and North America under strict international safeguards.

The Company's goal is to optimise profitable sales through securing medium and long-term contracts and plans to produce from its Ranger #3 open pit and ore stockpiles until at least 2011. ERA also holds title to the Jabiluka deposit located 22.5 kilometres north of the existing Ranger facilities. The Jabiluka project is under environmental care and maintenance.

The Ranger Project Area and the Jabiluka Mineral Lease are located on Aboriginal land of which the Mirrar Gundjehmi clan are the Traditional Owners. The conditions for mining on Aboriginal land are laid down in Agreements with the representative body, the Northern Land Council.

ERA is a 68.4 per cent owned subsidiary of Rio Tinto Limited, a diversified resource company, and has a management services agreement with Rio Tinto Limited.

Highlights

- significantly improved safety performance, including a 12 month lost time injury free period during the year;
- continued record of no detrimental impact on the surrounding environment;
- new sales contracts signed; and extensions to existing contracts agreed.
- $21.2 million profit after tax for the year.

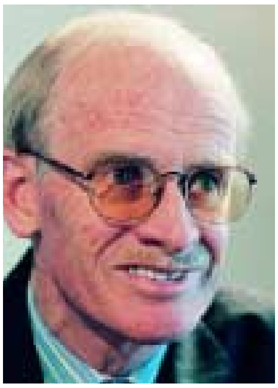
Vision and Values

The ERA Management Team is committed to: Our People Unlocking the Future's Energy

Underlying this, we will:

- assist our employees to achieve their goals and potential;
- support the communities around our operations to achieve their aspirations;
- establish stronger relationships with Aboriginal people as the basis of a long-term partnership;
- maximise profit and shareholder value through cost efficiency and strategic use of resources;
- deliver value to our customers so that they can deliver low-cost greenhouse-friendly electricity to their customers; and
- manage ERA's business based upon the principles of sustainable development.

Chairman's and Chief Executive's Report


Mr Brian Horwood, Chairman


Mr Robert Cleary, Chief Executive

2002 was a year of achievement for ERA with significant improvements emerging across many aspects of the Company.

ERA posted a $21.2 million after tax profit during the 2002 calendar year (calendar year 2001: $8.1 million) with earnings before interest and tax at $39.5 million (calendar year 2001: $21.9 million).

Better overall performance was assisted by the continued implementation of ERA's Performance Enhancement Program (PEP), a business improvement project focusing on cost efficient use of resources and workforce generated innovation to improve the Company's operations.

The improved performance was also the result of a stronger uranium market as reflected in the increase in spot price to almost US$10 per pound up from the historic low of US$7.10 per pound in 2001 and an increase in sales volume to 5,145 tonnes U_3O_8 (calendar year 2001: 4,430 tonnes U_3O_8) resulting from the Company negotiating new sales contracts. As at 31 December 2002, the Company was debt free and hence borrowing costs were reduced compared to 2001.

A final dividend was declared at 11 cents per share, making a total of 11 cents for the year as there was no interim dividend declared (calendar year 2001: final dividend of 2 cents per share; total dividend of 5 cents per share).

With management's commitment to consistent improvement of safety in the workplace, ERA achieved its first ever continuous 12 months without a lost time injury at the end of July 2002. ERA's management has a vision of creating the safest workplace in Australia, and the challenge of creating a culture that will achieve this goal for our employees is high on our priority list.

As well as improved safety performance, ERA continues to pursue an agenda that includes delivery of enhanced environmental and community outcomes. The Company engaged in a number of stakeholder discussions and public forums to explore and initiate actions to achieve this.

While there were no incidents at ERA's operations that were considered by authorities to have any detrimental impact on the surrounding environment, the Company implemented a number of improvements to its environmental approach highlighted by its commitment to achieving compliance with ISO 14001 – the internationally recognised standard for environmental management systems – during 2003.

The Company is able to operate the Ranger mine, under an authority issued by the Commonwealth Government, until 2021. Discussions continued with the NLC in relation to royalty and other payments, under an agreement pursuant to Section 44 of the Aboriginal Land Rights (NT) Act.

YEAR END CHANGE

ERA's 2002 Annual Report reflects the 2002 calendar year period. This is in contrast with ERA's 2001 Annual Report which reflected an 18 month reporting period from 1 July 2000 to 31 December 2001 as a consequence of changing its financial year-end date to a calendar year. For easier comparison of performance, the 2002 Annual Report contains figures for 2002 and 2001 calendar year where possible.

Financial Highlights

TABLE 1

YEAR ENDED 31 DECEMBER	2002	12-MONTH PERIOD 2001
FINANCIAL, $ million		
Sales revenue	**198.7**	161.3
Operating profit before tax	**36.6**	16.8
Income tax expense	**15.4**	8.7
Operating profit after tax	**21.2**	8.1
Total assets	**830**	811
Share capital	**215**	215
Capital and reserves	**606**	606
Earnings per share, cents	**11.1**	4.2
Return on shareholders' equity, per cent	**3.5**	1.3
Dividend per share, cents	**11.0**	5.0
PRODUCTION		
Ore mined, million tonnes	**0.830**	2.050
Ore milled, million tonnes	**1.784**	1.579
Mill head grade, per cent U_3O_8	**0.281**	0.306
Total Production, tonnes U_3O_8 drummed	**4,470**	4,203
SALES, tonnes		
Ranger material	**4,517**	4,022
Purchased material	**628**	408
Total	**5,145**	4,430

Financial Performance

PROFIT	EBIT	SALES REVENUE
$21.2m	**$39.5m**	**$198.7m**
(calendar 2001: $8.1 million)	(calendar 2001: $21.9 million)	(calendar 2001: $161.3 million)

Profit after tax was $21.2 million for the year (calendar 2001: $8.1 million) with earnings before interest and tax at $39.5 million (calendar 2001: $21.9 million).

The increase in earnings from calendar year 2001 was due to increased sales volumes, the improving contract prices, benefits flowing from the Company-wide Performance Enhancement Program and lower interest costs.

Exchange related losses of $19.5 million have been recognised as a reduction in sales revenue for the year. ERA has US$49 million of foreign currency exchange contracts at an average rate of A$1 = 64 US cents due to mature in 2003. In addition, the Company has hedge contracts comprising approximately US$44 million per year at an average rate of A$1 = 65 US cents maturing during the period 2004 to 2008. The Company has not entered into any new hedge contracts during the year.

Sales were recorded at 5,145 tonnes U_3O_8 (calendar 2001: 4,430 tonnes U_3O_8) at the average spot price of US$9.83 per pound U_3O_8 (calendar 2001: US$8.87 per pound U_3O_8).

Sales revenue reached $198.7 million (calendar 2001: $161.3 million).

The directors declared a final dividend of 11 cents per share, making a total of 11 cents for the year (2000/01: final dividend of 2 cents per share; total dividend of 8 cents per share). The dividend will be fully franked at 30 per cent and will be paid on 28 February 2003. The record date for the dividend was 14 February 2003.

ERA was debt free as at 31 December 2002 (31 December 2001: Borrowings of $76 million). The strong cashflow during the year was supported by reduced working capital and increased volumes sold.

Capital expenditure of $9.1 million was related to work at Ranger.

Production




A total of 4.5 million tonnes was mined and 0.83 million tonnes of this comprised ore with drummed production reaching 4,470 U_3O_8.

As a result of optimising working capital, mining from the Ranger #3 open pit was reduced to a single shift in 2002. The mining schedule was tailored to seasonal conditions in the region and focused on the higher benches during the wet season.

Feed to the processing plant consisted of 1.78 million tonnes of ore at a grade of 0.28 per cent U_3O_8 with production drummed reaching 4,470 tonnes U_3O_8 (calendar 2001: 4,203 tonnes). For most of the year, only milling circuit number one was in use and hence the milling rate of 208 tonnes per hour represented an excellent performance compared to previous years.

In the current plans, mining at Ranger #3 is expected to continue until at least 2009, after which the pit will be used for the storage of tailings and stockpiles will provide feed to the mill.

TABLE 2: MINING

	MILLION TONNES	
YEAR ENDED 31 DECEMBER	2002	12-MONTH PERIOD 2001
Ore mined, cut-off grade 0.12% U_3O_8		
to process plant	0.201	0.273
to stockpile	0.629	1.777
total ore mined	0.830	2.050
Low grade mineralisation	0.195	0.704
Waste rock	2.624	2.931
Total tonnes mined	**4.483**	**7.708**

TABLE 3: MILLING

	Million Tonnes	
YEAR ENDED 31 DECEMBER	2002	12-month period 2001
Ore milled, million tonnes		
from mine	0.201	0.106
from stockpile	1.583	1.473
total ore milled	1.784	1.579
Mill head grade, per cent U_3O_8	0.281	0.306
Milling rate, tonnes per hour	208.0	197.0
Mill recovery, per cent	89.74	91.3
Total production, tonnes U_3O_8		
Drummed	4,470	4,203
Product grade, per cent U_3O_8	99.00	99.1

Ore Reserves and Mineral Resources

Note 1: The ore reserves and mineral resources have been compiled by L Hughes (Ranger) and A van der Heyden, R McMahon and A Browne (Jabiluka). All are Competent Persons as defined in Appendix 5A of the ASX Listing Rules and this report reflects accurately the information compiled by them. The Ranger #3 resource and reserve statement was compiled by ERA mine geologists in conjunction with Hellman and Schofield Geological Consultants. The authors are L Hughes (Senior Mine Geologist, ERA) and A van der Heyden (Resource Geologist, Hellman and Schofield), Competent Persons under Appendix 5A of the ASX Listing Rules.

Note 2: The Jabiluka Ore Reserves are derived from the Measured + Indicated Mineral Resources.

Note 3: Approximately six per cent of the Jabiluka Total Ore Reserve tonnage is derived from material in the Inferred Mineral Resource category. Blocks from this category are included when these blocks fall within stope boundaries predominantly intersecting blocks from the Measured and Indicated Mineral Resource. The ore tonnage from Inferred has been included within the Probable Ore Reserve category to reflect the confidence level more closely.

Note 4: For Jabiluka, rounding indicates degree of confidence (ore tonnage to nearest hundred thousand; grade to nearest hundredth of a per cent; contained metal oxide tonnage to nearest thousand).

RANGER

In 2002 ERA completed an 8,000m reverse circulation drilling project within the Ranger #3 Pit and results will be compiled into a new resource model during 2003.

Since December 2001 the total reserve has decreased by 5,097 tonnes of U_3O_8 from 54,241 to 49,144 tonnes of U_3O_8. The reserve has changed as a result of mill feed of 4,999 tonnes U_3O_8.

JABILUKA

The Jabiluka project remains on environmental care and maintenance. The underground workings have been maintained in an accessible condition and maintenance and safety inspections are carried out on a regular basis. The Mineral Resource and Ore Reserves at Jabiluka have not changed since the last statement. The Jabiluka mineralisation remains open to the east and at depth.

TABLE 4: ORE RESERVES & MINERAL RESOURCES

RANGER ORE RESERVES

	AS AT 31 DECEMBER 2002 Ore (Mt)	Grade (% U_3O_8)	Contained U_3O_8	AS AT 31 DECEMBER 2001 Ore (Mt)	Grade (% U_3O_8)	Contained U_3O_8
Stockpile	7.1	0.20	14,129	7.9	0.20	15,924
Ranger #3						
In situ, cut-off grade 0.12%						
Proved	1.8	0.24	4,243	2.1	0.28	5,148
Probable	11.0	0.28	30,772	11.9	0.27	33,169
Subtotal Proved and Probable	12.8	0.27	35,015	14.0	0.27	38,317
Total Ranger #3 Proved and Probable cut-off grade 0.12%	**19.9**	**0.25**	**49,144**	**21.9**	**0.25**	**54,241**

RANGER MINERAL RESOURCES

INCLUSIVE OF IN SITU RESERVE ONLY						
Measured	2.3	0.23	5,247	2.7	0.24	6.35
Indicated	17.5	0.25	43,059	18.9	0.25	46,721
Subtotal Measured & Indicated	19.8	0.24	48,306	21.6	0.25	53,071
Inferred	6.3	0.19	11,813	6.4	0.19	11,983
Total Resources	**26.1**	**0.23**	**60,119**	**28.0**	**0.23**	**65,054**

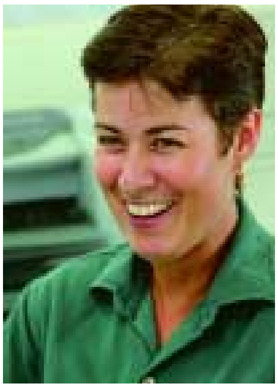
JABILUKA ORE RESERVES

Upgrade cut-off grade 0.2%						
Proved	6.8	0.57	39,000	6.8	0.57	39,000
Probable	7.0	0.45	32,000	7.0	0.45	32,000
Total Proved and Probable	**13.8**	**0.51**	**71,000**	**13.8**	**0.51**	**71,000**

JABILUKA MINERAL RESOURCES

INCLUSIVE OF RESERVE						
Cut-off grade 0.2%						
Measured	6.8	0.67	46,000	6.8	0.67	46,000
Indicated	8.5	0.50	42,000	8.5	0.50	42,000
Subtotal Measured & Indicated	15.3	0.57	88,000	15.3	0.57	88,000
Inferred	15.7	0.48	75,000	15.7	0.48	75,000
Total Resources	**31.0**	**0.53**	**163,000**	**31.0**	**0.53**	**163,000**

Employees

As at 31 December 2002, ERA had 184 employees of which more than 96 per cent are employed under individual Australian Workplace Agreements.

At the end of July 2002 ERA achieved 12 consecutive months lost time injury free.

Representation by Aboriginal people in the Ranger mine workforce averaged 21 per cent throughout the year. During the year, 55 employees attended courses that provided information on Aboriginal culture and respect for Aboriginal land and environmental issues.

ERA has focused its attention on key areas to maximise organisational effectiveness. These are:

- an intensive development program for the Company's key leadership group;
- planning for individually focused training and development plans for all employees to improve skills across the organisation; and
- developing ERA's 'Code of Conduct' regarding the expected behaviour by all ERA employees. This Code also applies to contractors and visitors.

As in 2001, ERA was again recognised as one of the top ten Australian organisations with less than 500 employees for the Business Achievement Award: 'Leading Organisation for the Advancement of Women' provided by the Equal Opportunity for Women in the Workplace Agency. Women represent 23 per cent of the ERA workforce.

SAFETY AND HEALTH

During 2002 ERA had a significantly reduced number of lost time injuries, with three recorded at the Ranger operations, compared to ten in the 2001 calendar year. The people concerned have returned to normal duties.

Significantly, in July 2002 ERA achieved 12 consecutive months without a lost time injury. Specific health and safety initiatives in 2002 included:

- further development and refinement of the safety observation program. Known as 'safety visits', Managers, Superintendents and Supervisors systematically engage employees in the workplace in discussing and resolving safety issues;
- further Dupont safety leadership training for all employees and contractors;
- training in specific skills for employees such as Working at Heights, Confined Space and First Aid training;
- implementing Rio Tinto safety standards, which include a full lock-out isolation system, and defensive driving for employees driving company vehicles;
- a safety awareness and risk identification program titled 'Take 5 For Safety'; and
- installation of 'Sitesafe' safety management computer software, which will support improved safety practices.

ERA realises it must not become complacent and will continue implementation of programs that build a strong safety culture and provide a platform for future improvement. Workplace hazards and associated risks will be managed using Rio Tinto safety and occupational health standards and systems will be put in place, consistent with the Australian Standard for Occupational Health and Management Systems, AS 4801-2001.




RADIATION LEVELS

The radiation exposure pathways at ERA's operations are comprehensively measured and reported throughout the year using limits recommended by the International Commission on Radiological Protection (ICRP).

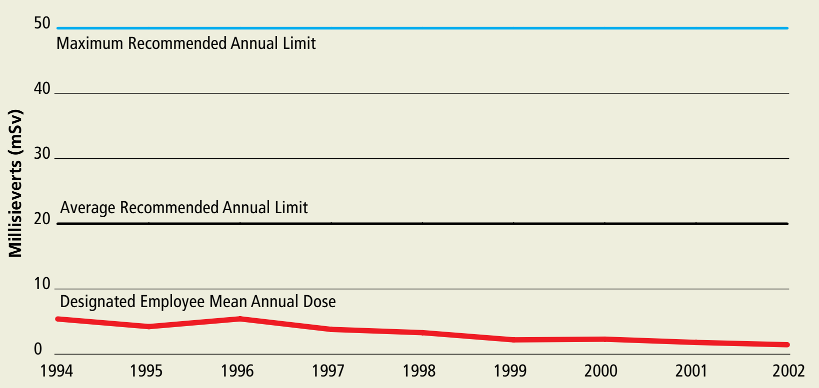
Designated workers are those employees in work categories that have the potential to exceed 5 millisieverts (mSv) per year. There are more than 100 designated employees at the Ranger operation and limits of 100 mSv over five years or a maximum of 50 mSv in any one year must be met. Designated employees received a mean radiation dose of 1.5 mSv during 2002. The following graph depicts the mean annual radiation dose assessed for designated employees working throughout the operation. The graph also reflects the exposure in comparison with Australian as well as internationally recommended limits.

Employees who work at the mine site but are not working in areas of high exposure (non-designated employees) are subject to the same dose limits as designated employees and in 2002 the maximum dose was 0.9 mSv.

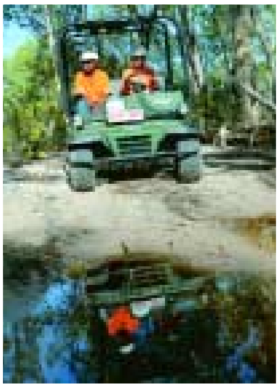
Importantly, the exposure of Jabiru residents and surrounding communities is also monitored and the contribution from the mine was assessed at 0.03 mSv in 2002. The natural background in the area is 2 to 3 mSv. A radiation practice must not expose members of the public to more than 1 mSv per year above natural background.

The United Nations Scientific Committee on the Effects of Atomic Radiation reports (2000 Report to the UN General Assembly) that the: "worldwide annual exposures to natural radiation sources would generally be expected to be in the range 1 to 10 mSv, with 2.4 mSv being the present estimate of the central value".

DESIGNATED EMPLOYEE MEAN ANNUAL RADIATION DOSE



Environment




The Company strengthened its environmental resources to focus on Water Management, Environmental Support and Environmental Systems, reflecting ERA's environmental priorities for its operations.

A number of significant changes were made regarding environmental management at ERA's operations in 2002.

- The Company strengthened its environmental resources to focus on Water Management, Environmental Support and Environmental Systems, reflecting ERA's environmental priorities for its operations;
- ERA committed to achieving compliance with ISO 14001 — an internationally respected standard for environmental management systems — to deliver better environmental management practices at its operations. The commitment recognises the outcomes of discussions involving key stakeholders and the Company will seek to involve regulators and Aboriginal representatives in achieving compliance with ISO 14001 during 2003 and certification against the standard by July 2005;
- through dedicated on-line access, Commonwealth and Northern Territory government authorities, regulators and the Northern Land Council (representing Traditional Owners) have been provided with transparent and immediate direct access to the Laboratory Information Management System (LIMS) database which contains all incoming and historical statutory and operational environmental monitoring data for ERA's operations; and
- following operation of a pilot plant during 2001, the development of an innovative process to treat mill process water continued throughout 2002. Construction of a full-scale plant is anticipated to commence in 2003.

During the reporting period, there were no incidents at ERA's operations that were considered by the authorities to have any detrimental impact on the surrounding environment.

Throughout 2002, ERA participated in a number of public processes related to environmental management systems at its operations.

The Office of the Supervising Scientist published the results of an investigation of the environmental incidents at Ranger (incorrect management of the southern stockpiles) and Jabiluka (delayed reporting) in April 2002. The important conclusions stated in the report were that:

- neither incident resulted in any harm to the environment of Kakadu National Park or to the health of people living in the region; and that
- the incidents did not constitute a breach of either the Northern Territory or Commonwealth statutory requirements of ERA.

The report can be sourced at www.ea.gov.au/ssd/publications/ssr/170.html

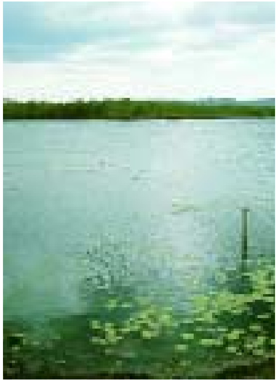
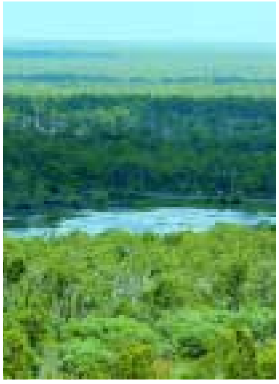
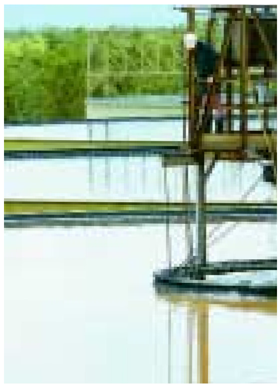
An independent review, commissioned by the Northern Territory Government in June 2002 regarding the Environmental Regulation at Jabiluka and Ranger uranium mines, was completed during September 2002 and concluded that:

- the existing Authorisations are more than adequate to ensure the protection of the environment and health of workers and the public; and
- the monitoring and reporting systems of ERA and the NT Government are adequate and, when benchmarked against other similar mining operations, can be considered excessive.

The report can be accessed at www.dme.nt.gov.au/dmemain/minerals/useful_links/NT_Review_Report_Final.pdf

The OSS investigated a former employee's allegations of inappropriate practices regarding ERA's environmental management. The OSS publicly reported in September that no evidence has been found that the Company has operated otherwise than in accordance with its Authorisation and the Commonwealth's Environmental Requirements.

The report can be accessed at www.ea.gov.au/ssd/publications/ssr/171.html

In June 2002, the Australian Senate agreed to a Senate Committee Inquiry regarding Environmental Regulation of Uranium Mining, the third Senate Inquiry in the past five years to have included ERA's operations. Through the Company's participation, ERA outlined that:

- the regulations that govern ERA's operations are comprehensive;
- there exists extensive formal oversight and consultation of ERA's operations;
- ERA operates a comprehensive and conservative water management regime;
- extensive planning for and secure funding for rehabilitation of ERA's sites exists;
- any environmental event is openly disclosed, fully investigated and improvements recommended and implemented; and
- despite a high level of transparency and information flow, the current reporting process allows scope for misinterpretation of the data or an unplanned event, whether inadvertently or deliberately.

ERA's submission is located at www.energyres.com.au/currentnews/submission.shtml

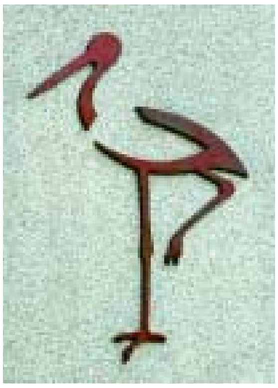
EARTH–WATER–LIFE SCIENCES

Earth Water Life Sciences Pty Ltd (EWLS) is a specialist commercial environmental consulting business based in Darwin. It is wholly owned by ERA and is a Commonwealth Government registered research agency in Geology, Geochemistry, Ecology and Soil & Water Sciences. Revenue for 2002 was $2.4 million of which $0.97 million was generated from an expanding suite of external (non ERA) projects which acknowledges EWLS' specialist environmental expertise and reputation.

During the year, EWLS demonstrated a strong and growing role in identifying and communicating the science and technology underpinning ERA's environmental management at Ranger and Jabiluka. This provides the basis from which ERA can continue to champion its record in protecting the environment from any potential impacts of mining or milling uranium. In 2002, key project work included:

- the rationalisation of statutory and operational environmental monitoring programs at Ranger;
- the development of a life of mine closure and rehabilitation blueprint;
- assessments of best practice management of Ranger stockpiles during wet seasons;
- advancement of process water treatment technology;
- successful full-scale wetland trials of ammonia removal from treated process water; and
- commissioning of a significant reduction of the pH of tailings slurry deposited in Pit #1 with consequent major savings in the costs using lime for neutralising.

Community



ERA continues to provide local and regionally based Aboriginal people with information on a broad range of issues related to ERA operations including employment, training, water management, environment, mine site rehabilitation and business opportunities.

As at 31 December 2002, 31 Aboriginal people were employed at Ranger.

Several Aboriginal trainees gained a variety of skills through the Inganarr Training Centre that was established at the Ranger mine in 2001. Two trainees gained full time employment at Ranger while three trainees moved back to their communities to take up employment. A trainee from the 2002 intake has been offered an adult apprenticeship with Ranger starting February 2003. In August 2002, four new trainees started a one-year training program within ERA's Aboriginal Community Development Department.

The Company maintained its involvement with various local and regional organisations and processes including the Jabiru Town Council, the Jabiru Town Development Authority, the Gunbang Action Group and the Indigenous Mining Enterprise Taskforce.

The Company continues to negotiate a Mining Agreement with the NLC, which establishes the terms under which ERA operates on the Ranger Project Area. Similarly, the Commonwealth is negotiating a Section 44 Agreement with the NLC, the obligations of which will, to some extent, be passed to ERA.

ERA provides electricity to its operations and the nearby community of Jabiru. During the period, ERA commissioned an energy efficiency program with the aim of reducing energy usage and greenhouse gas emissions at the Ranger mine site and Jabiru — the first community-wide energy audit in Australia. As a result, ERA achieved a 12 per cent reduction in Ranger mine site's CO_2 emissions for 2002. Through a combination of auditing, engineering and education, ERA is working with the community to achieve a goal of reducing Jabiru's overall energy consumption by 40 per cent thus delivering significant reductions in greenhouse gas emissions.

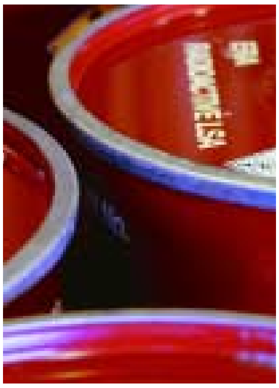
ERA paid $7.5 million in Ranger royalty payments to the Commonwealth government during the year. This money is ultimately distributed to Northern Territory based Aboriginal groups. Additionally, ERA paid $2.2 million in royalties to the Commonwealth government for distribution to the Northern Territory government during 2002. Ranger has paid a total of $189.2 million in royalties since the inception of the project.

During 2002, $0.2 million was paid for social payments under the terms of the Jabiluka agreement. Under the Jabiluka Agreements, payments now total $7.3 million.

TABLE 5: VALUE ADDED

YEAR ENDED 31 DECEMBER	2002 $ MILLION	12-MONTH PERIOD 2001 $ MILLION
Value added		
Sales & other revenue	198.9	162.2
Less cost of materials & services	86.7	66.3
Total Value Added (wealth created by ERA)	112.2	95.9
Distribution of Created Wealth		
Employees' salary & wages	16.7	18.0
Government		
Company income tax	15.5	8.8
Environmental research	1.8	1.7
Contribution personal income tax	4.7	4.9
Royalties (Aboriginals Benefit Account and NLC)	7.7	7.5
Royalties (NT Government)	2.2	2.1
Other taxes and payments	0.8	0.9
Total	32.7	26.0
Interest to lenders (net)	2.5	4.7
Dividends paid	21.0	9.5
Depreciation and amortisation	39.0	39.2
Retained profit from operations	0.3	(1.5)
Total	39.3	37.7
Total Value Distributed	**112.2**	**95.9**

Marketing



ERA sells uranium solely for use in nuclear power facilities for the generation of electricity. Strict international and bilateral safeguards apply to all sales ensuring uranium is used exclusively for peaceful purposes.

During 2002, ERA sold 5,145 tonnes of U_3O_8 (2001: 4,430 tonnes U_3O_8). The higher sales level has assisted ERA in achieving our goal of reducing working capital tied up as product inventory.

ERA has developed a strong forward order book in the short to medium term. Our policy is to retain some flexibility to increase output in the medium to long term in order to take advantage of an improving market and forecast rising prices. ERA's approach of having a geographically diversified sales portfolio with a strong customer focus will ensure enhanced revenue performance in future years.

The spot market price for U_3O_8 averaged US$9.83 per pound during the period, an 11 per cent improvement on the previous year. Industry analysts had predicted a spot price level in excess of US$10 per pound by year-end, however the increased demand was met by greater than expected secondary supply of uranium hexafluoride (UF_6) during the second half. Furthermore, demand during the traditional seasonal slowdown mid-year was lower than in the previous year, resulting in the market price dropping to a low of US$9.75 per pound by September, although returning to US$9.90 per pound by December.

With regard to future U_3O_8 demand, there are two broad areas for consideration:

- improved existing reactor capacities; and
- new reactors.

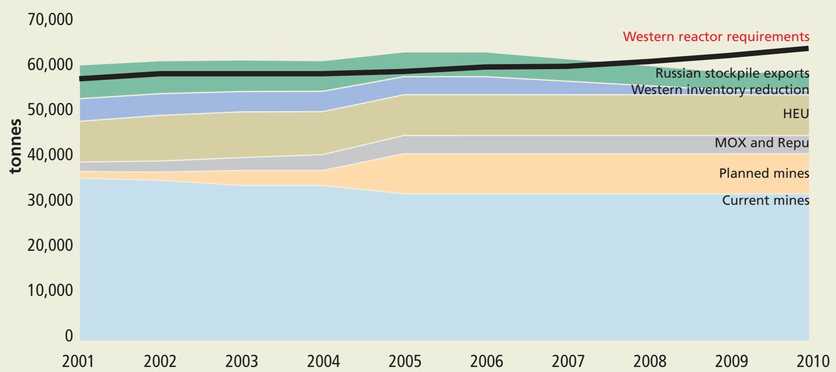
Capacity in existing plants will continue to be upgraded, especially in the US. Energy security and greenhouse issues have been contributing factors in the consideration of new nuclear capacity across the globe.

Significant operating licence extensions are being pursued in most regions, with capacity uprates and increased utilisation programs underway at many utilities around the world. Currently there are 33 new power reactors under construction and 32 more planned. During May, parliamentary approval was given in Finland for a new reactor on economic and energy security grounds.

A number of new contracts and contract extensions were signed during 2002. These will yield further revenue improvements in the years ahead. ERA continues to anticipate that growth in demand for primary uranium production will follow from the further reduction of utility inventories. While supply and demand are balanced in the near term, a supply shortage is anticipated in the medium term, forcing higher prices to fund the expansion of existing production capacity and the development of additional production centres.

With utility inventory stocks now approaching desired levels, industry experts are recommending that utilities increase the proportion of primary production sources in their portfolios for security of supply. Mine production remains the only stable and significant supply source available to meet increasing requirements. Uncertainty and supply risk continue to surround some non-mined sources.

ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



Source: WNA 2001

Directors' Outlook

Globally, nuclear power continues to consolidate and grow with 33 new power reactors under construction and 32 more planned.

However, not all are in countries to which ERA can currently supply uranium. New plants in China and India do not currently translate into new market opportunities for ERA.

Projects which may offer future opportunities are: Finland's commitment to a fifth reactor, Taiwan's continued plant construction, plants under construction in Korea and Japan's increasing capacity albeit at a reduced rate. Additionally, the USA and Canada have re-visited plans for currently shut or incomplete facilities and are considering new plant siting proposals.

The world nuclear market has also seen higher utilisation of existing plants leading to an increase in the percentage of electricity being generated by nuclear power. In the USA alone, the 103 operating plants have added the equivalent power of 19 new reactors during the past 12 years. Most of this activity translates into increased demand for uranium and nuclear fuel.

This more positive market climate is the backdrop for ERA's business outlook including a strong forward order book in the short to medium term and the flexibility to increase output in the medium to long term to take advantage of an improving market and forecast improving prices.

Foreign currency hedges due to mature in 2003 amount to US$49 million at an average rate of A$1 = 64 US cents. This represents a significant reduction in the level of hedges compared to 2001 and 2002 and at the current AUD/USD exchange rate the level of hedge losses will reduce in 2003. In addition, lower forecast debt levels during 2003 will result in lower interest costs. These factors are expected to enhance profitability in the future.

Better spot prices (almost US$10 per pound up from the historical low of US$7.10 per pound) contributed to ERA's improved year and overall performance was also improved with the implementation of the Performance Enhancement Program (PEP).

Beginning in 2002, PEP is aimed at creating a stronger company able to adapt more quickly to a changing competitive business environment. It has set the foundation for sound cost improvement performance in 2003.

The Company continues to explore avenues through which to build better relationships with the Traditional Owners of the land on which ERA operates. Discussions continued with the Northern Land Council (which acts on behalf of the Traditional Owners), and the Commonwealth government regarding agreement on terms for the extension of the Section 44 Agreement scheduled under the Aboriginal Land Rights (NT) Act. The extension is aimed at setting the terms for royalty and other payments as well as input from the local Aboriginal community regarding continuing operations on the Ranger Project Area.

ERA expects to produce from its Ranger #3 open pit and ore stockpiles until at least 2011.

As mentioned in the Chairman's and Chief Executive's Report, the year has been one of significant progress for ERA. The Company remains committed to a better future and will continue to identify and implement the best possible practice across all business areas.

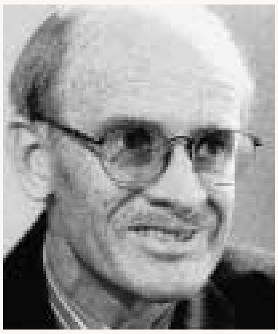
Directors' Report

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 entity, for the year ended 31 December 2002.

DIRECTORS

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

NAME & QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr B Horwood BCom, FCPA, FAICD *Chairman*	61	Appointed as a Director in May 2001 and as Chairman in April 2002. Mr Horwood is Managing Director of Rio Tinto Australia. He is also the Chairman of Coal & Allied Industries Limited and a director of a number of other Rio Tinto subsidiaries.
Mr G Boyce BSc *Director*	48	Appointed as a Director in November 2000. Mr Boyce is Chief Executive Energy of Rio Tinto plc in London. He is also a Director of Coal & Allied Industries Limited and a number of other Rio Tinto subsidiaries.
Mr R Carter CitWA, BCom, FTSE, FAusIMM, FAIM, FAICD *Director*	60	Appointed as a Director in November 1999. Mr Carter is Chairman of Ticor Ltd, Zeal Consulting and Prahran Mission - UnitingCare and a Director of Macmahon Holdings Limited.
Mr R A Cleary BSc(Tech) Chem Eng *Chief Executive*	59	Appointed Chief Executive and a Director of ERA in July 1999.
Mr B Cusack BE (Hons), MEngSc, FTSE, FAIM, FAusIMM, MAICD *Director*	60	Appointed to the ERA Board in August 2000. Mr Cusack retired as Chairman in April 2002. He is also a director of Macmahon Holdings Limited and Smorgon Steel Group Limited and Chairman of Oxiana Resources N.L.
Dr B S Hickman BSc, MSc, DSc, FAusIMM, FTSE *Director*	70	Appointed as a Director in August 1997. Dr Hickman is a Director of Illawarrra Technology Corporation Limited and ARRB Transport Research Limited.
Mr W Kinugawa *Director*	68	Appointed as a Director in July 2001 at the nomination of the C Class shareholders. Mr Kinugawa is President of Japan Australia Uranium Resources Development Co Ltd (JAURD).
Dr R Matthews PhD *Director*	53	Appointed as a Director in March 2001 at the nomination of the B Class shareholders. Dr Matthews is Manager Exploration with Cameco Australia Ltd.



Mr Brian Horwood, Chairman

Mr Robert Cleary, Chief Executive

Dr Brian Hickman

Mr Gregory Boyce

Mr Richard Carter

Mr Wataru Kinugawa

Mr Barry Cusack

Dr Ronald Matthews

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

DIRECTOR	DIRECTOR'S MEETINGS		AUDIT COMMITTEE MEETINGS	
	NO. ATTENDED	NO. HELD*	NO. ATTENDED	NO. HELD*
B Horwood	6	6	2	3
G Boyce	1	6	–	–
R Carter	6	6	3	3
R Cleary	6	6	3**	3**
B Cusack	6	6	–	–
B Hickman	5	6	3	3
W Kinugawa	2	6	–	–
R Matthews	6	6	–	–
A Lloyd (alternate for G Boyce)	2	6	–	–
A Harding (alternate for G Boyce)	2	3	–	–
K Tsuzuku (alternate for W Kinugawa)	2	6	–	–
A Yonekawa (alternate for W Kinugawa)	2	6	–	–

* *Reflects the number of meetings held during the time the Director held office in the 2002 year.*

** *By invitation.*

Note: On the occasions that "B" and "C" class appointed Directors could not attend a meeting of Directors, their alternates attended as required by the Constitution.

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

Shares in Energy Resources of Australia Ltd	
B Hickman	1,000 ordinary shares
R Carter	25,000 ordinary shares (beneficially held)
Shares in a Related Body Corporate	
Rio Tinto Limited	
B Cusack	11,452 ordinary shares
B Horwood	4,143 ordinary shares
Options in a Related Body Corporate	
Rio Tinto Limited	
B Cusack	21,174
B Horwood	9,255
R Cleary	6,849
Conditional Interests in Ordinary Shares of a Related Body Corporate	
Rio Tinto Limited	
B Cusack	14,311
B Horwood	14,854

PRINCIPAL ACTIVITIES

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

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

(ii) providing environmental consulting services by Earth Water Life (EWL) Sciences Pty Ltd.

DIVIDENDS

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

	$000
In respect of the previous financial year:	
– As proposed and provided for in last year's financial report, paid on 28 February 2002, a final dividend of $0.02 per share, franked to 100% with Class C (30%) franking credits	3,815
In respect of the current financial year:	
– A final dividend of $0.11 per share, franked to 100% with Class C (30%) franking credits was declared on 29 January 2003, payable on 28 February 2003	20,981
Total dividends provided for or paid in respect of the financial year ended 31 December 2002	20,981

The Company's Dividend Reinvestment Plan will not operate in respect of the final dividend.

REVIEW AND RESULTS OF OPERATIONS

The operating profit after tax for the consolidated entity for the year ended 31 December 2002 was $21.2 million (18 months to 31 December 2001: $16.0 million). Sales revenue for the year ended 31 December 2002 was $198.7 million (18 months to 31 December 2001: $232.8 million).

A full review of the operations of the consolidated entity during the year ended 31 December 2002 and the results of those operations is shown in this Annual Report in the sections titled Chairman's and Chief Executive's Report, Financial Performance, Operations, Employees, Environment, Community, Marketing and Directors' Outlook (pages 2 to 15).

On 28 January 2003, a decision was handed down in the Federal Court of Australia in Energy Resources of Australia Limited v Commissioner of Taxation. The decision relates to the valuation of ERA's trading stock for the year ended 30 June 1993 and 30 June 1994. The decision had the effect of reducing ERA's taxable income for the years ended 30 June 1993 and 30 June 1994. At the date of signing these accounts the time for the Commissioner to appeal the decision had not expired. If the decision stands it could have the effect of increasing ERA's after tax profit by approximately $9.7 million, resulting primarily from adjustment to provisions against a possible negative result in the case. No benefit arising from this judgement has been included in the financial results of the period. The cash flow consequences will be immaterial.

STATE OF AFFAIRS

In the opinion of the Directors, other than matters reported in the Directors' Report and in the Chairman's and Chief Executive's Report, there were no significant changes in the state of affairs of the consolidated entity during the year ended 31 December 2002.

ENVIRONMENTAL REGULATION

The Ranger operation has had no detrimental impact on the surrounding environment over its 21 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. The Company's Environmental Requirements (ERs) were updated during the year by the relevant authorities.

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

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material nature, except for the tax case item noted in the Review and Results of Operations above, that has significantly affected or may significantly affect:

(i) the operations of the consolidated entity;
(ii) the results of those operations; or
(iii) the state of affairs of the consolidated entity subsequent to the financial year ended 31 December 2002.

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

Tax Consolidation Regime

During the period, most of the Australian Tax Consolidation legislation became substantively enacted for financial reporting purposes. The wholly owned Australian resident subsidiary within the Energy Resources of Australia Limited Group, and the Company, may, by election, enter the Tax Consolidation Regime. At the date of this report no decision has been made by the Company or the Energy Resources of Australia Limited Group to make the election. However management are of the view that it is likely any such election would be made effective not earlier than 1 January 2003. The Tax Consolidation Regime is not expected to impact the accounts of the Company as at 31 December 2002.

Due to the single entity concept contained in the Tax Consolidation Regime, there may be an impact in subsequent years on the tax related items in the Company's accounts and the accounts of its wholly-owned Australian resident subsidiaries. Any impact is not expected to be material. Franking account balances of the Company and the Australian resident wholly owned subsidiaries' may also be impacted.

In the opinion of the Directors, any other likely developments in the operations of the consolidated entity known at the date of this report have been covered within the Annual Report, the Statement of Financial Position and the Statement of Financial Performance and notes thereto.

A review of developments and the expected results for ERA is presented in the sections titled Chairman's and Chief Executive's Report 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 EXECUTIVES' EMOLUMENTS

Directors' and executives' remuneration and benefits are set out in note 23.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Clause 11 of the Company's Constitution 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 Act 2001 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 Act 2001.

The Directors and Secretaries of the Company, and all former Directors and Secretaries have the benefit of the indemnity in Clause 11.

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 with, or take part in the management of the Company) as well as other employees.

PricewaterhouseCoopers, as Auditor of the Company, also has the benefit of the indemnity in Clause 11.

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

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

Signed at Melbourne this 10th day of February 2003 in accordance with a resolution of the Directors

B. F. Horwood

B.F. Horwood
Director

Corporate Governance Statement

This statement outlines the main corporate governance practices that were followed during the financial period. The Directors of ERA are committed to high standards of corporate governance. The Board has the responsibility of seeking to ensure that ERA is managed in a way that meets the objectives of shareholders generally, while paying proper regard to the interests of employees and external stakeholders.

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 and Peko Wallsend Ltd; both are now wholly-owned subsidiaries of Rio Tinto Limited (Rio Tinto) and hold A Class shares;
- The following B Class shareholders:
  - Cameco Resources Australia Pty Ltd;
  - Cogema Australia Pty Ltd, UG Australia Developments Pty Ltd and Interuranium Australia Pty Ltd; and
  - OKG Aktiebolag;
- Japan Australia Uranium Resources Development Co Ltd (owned by a number of Japanese utilities), which holds C class shares; and
- ERA.

Among other things, under the Shareholders Agreement:

- there are restrictions on the issue of further A, B and C Class shares.
- ERA is required to seek listing of any B and C Class shares which are converted into A Class shares.
- the B and C Class shareholders have certain rights of first refusal to purchase from ERA uranium oxide in some circumstances.
- an advisory committee, called the Operations Review Committee, is established to review ERA's technical operations. The B and C Class shareholders and the Rio Tinto entities may appoint representatives to this committee.
- there are various conditions relating to the sale of the parties' shares.
- there is a commitment 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 is distributed by way of dividend.

ERA is owned 68.4% by the Rio Tinto entities and 6.5% by the general public as A Class shareholders, 14.5% by the B Class shareholders and 10.6% by the C Class shareholder. The existing A Class shares are listed on the Australian Stock Exchange.

THE ROLE OF SHAREHOLDERS

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

- preparing the annual report for distribution;
- lodging quarterly production reports with the Stock Exchange and placing these on the Company's website; and
- updating the website from time to time in respect of key issues affecting the Company; any material information is announced to the Stock Exchange in accordance with the Listing Rules.

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

BOARD COMPOSITION

Under the Company's Constitution, the maximum number of directors is nine. Currently, the Board comprises eight directors. Details of the directors are set out on page 16. The Chairman of the Board is Mr B Horwood. With the exception of the Chief Executive, Mr R Cleary, all the directors are non-executive. Of the non-executive directors voted by the A Class shareholders, Messrs B Horwood and G Boyce are executives of Rio Tinto; Mr B Cusack is a former executive of Rio Tinto; and Mr R Carter and Dr B Hickman are independent of Rio Tinto.

Under the Company's Constitution, each of the B and C Class shareholders are entitled to appoint one director to the Board. Dr R Matthews has been appointed by the B Class shareholders and Mr W Kinugawa by the C Class shareholder.

The Company's Constitution requires that directors, other than B and C Class directors, submit themselves for election by shareholders at the first general meeting following their appointment. Furthermore, 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.

As an overall objective, the composition of the Board seeks to provide an appropriate mix of experience, skills, knowledge and perspectives to enable the Board to serve the interests of the Company and its shareholders. Decisions relating to appointment of directors are made by the full Board. There is no share ownership qualification for appointment as a director.

BOARD MEETINGS

Over recent years, the Board has scheduled at least six meetings per year. It meets at other times if specific issues arise between scheduled meetings. The Board holds at least one meeting at Ranger each year to enable directors to inspect the operations. At these meetings, Management provides a report on all key matters affecting the business and seeks approval for specific proposals outside its delegated authority. The Board approves strategy and business plans and monitors the performance of the Company.

INDEPENDENT PROFESSIONAL ADVICE

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 Constitution referred to above.

REMUNERATION ARRANGEMENTS

Remuneration of directors is generally determined by the full Board after taking into account data on market remuneration levels.

The current fees, effective from 1 July 2002, for non-executive directors are $32,500 per annum. The Chairman receives $65,000 per annum. Fees for directors who are executives of Rio Tinto are paid to Rio Tinto directly. A fee of $10,000 is paid to each independent director on the Audit Committee. Further details of directors' remuneration and superannuation are set out in note 23 to the financial report.

The Board approves the remuneration of the Company's Chief Executive and other senior executive officers after receiving information from the Rio Tinto Board Remuneration Committee and taking into account other market data.

AUDIT COMMITTEE

ERA's Board has an Audit Committee of non-executive directors. The Committee is chaired by Dr B Hickman and also comprises Mr R Carter and Mr B Horwood. Only members who are independent of the Rio Tinto Group participate in the Committee's consideration of any matter relating to Rio Tinto. By invitation, the Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's internal and external auditors and relevant company executives. The Committee reports to the Board after each meeting and the papers and minutes are available to all Directors. The Committee met three times during the financial year.

All work to be conducted by the external auditor outside the scope of the audit has to be approved by the Audit Committee.

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 and regulatory requirement.

The Committee seeks to ensure that the Board is made aware of any matters that might have a significant impact on the financial condition or affairs of the Company.

RISK MANAGEMENT

ERA has in place a range of polices and procedures to manage the risks associated with its operating activities. These polices have been adopted by the Board to ensure that potential business risks are identified and appropriate action taken. 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. ERA is benefiting from the knowledge of the policies and practices adopted by Rio Tinto to manage its diverse business activities covering a variety of commodities and operation locations.

The Board has 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 Company;
- the provision of information by Management to 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.

ETHICAL STANDARDS

As part of the Rio Tinto Group, ERA has adopted, and adapted, the Rio Tinto code of business conduct; this code is to be met by all directors and employees. This requires that all employees maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Australia and in every other country in which the Company engages in business.

Investor Information

ANNUAL GENERAL MEETING

The 2003 Annual General Meeting will be held at 10:00am on 28 April 2003 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

Computershare Investor Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
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.

Statements of Financial Performance

for the financial period ended 31 December 2002

		CONSOLIDATED		THE COMPANY	
	NOTE	2002 $000	18 MONTH PERIOD 2001 $000	2002 $000	18 MONTH PERIOD 2001 $000
Operating revenues		**198,703**	232,808	**197,736**	231,839
Proceeds from sale of assets other than goods		**241**	1,431	**241**	1,430
Other revenue from outside the operating activities		**264**	939	**260**	932
Revenue from ordinary activities	2	**199,208**	235,178	**198,237**	234,201
Changes in inventories of finished goods and work in progress		**(16,308)**	5,555	**(16,308)**	5,555
Raw materials and consumables used		**(28,803)**	(46,458)	**(28,803)**	(47,191)
Employee benefits and contractor expenses		**(31,935)**	(39,475)	**(30,666)**	(37,540)
Government and other royalties		**(9,962)**	(13,979)	**(9,962)**	(13,979)
Commission and shipping expenses		**(8,434)**	(11,305)	**(8,434)**	(11,305)
Depreciation and amortisation expenses	3	**(39,050)**	(64,278)	**(38,891)**	(64,045)
Borrowing costs	3	**(2,802)**	(7,758)	**(2,802)**	(7,758)
Statutory and corporate expenses		**(16,195)**	(20,659)	**(16,195)**	(20,458)
Other expenses from ordinary activities		**(9,044)**	(7,170)	**(9,518)**	(7,749)
Profit from ordinary activities before income tax expense	4	**36,675**	29,651	**36,658**	29,731
Income tax relating to ordinary activities	4	**(15,490)**	(13,624)	**(15,458)**	(13,652)
Net profit attributable to members of ERA Limited		**21,185**	16,027	**21,200**	16,079
Total changes in equity other than those resulting from transactions with owners as owners		**21,185**	16,027	**21,200**	16,079

The above statements of financial performance are to be read in conjunction with the accompanying notes.

Statements of Financial Position

as at 31 December 2002

		CONSOLIDATED		THE COMPANY	
	NOTE	2002 $000	2001 $000	2002 $000	2001 $000
Current Assets					
Cash assets	6	**24,812**	5,690	**24,564**	5,552
Receivables	7	**47,708**	62,460	**47,924**	62,966
Inventories	8	**69,226**	80,946	**69,226**	80,863
Other	9	**4,549**	8,311	**4,549**	8,311
Total Current Assets		**146,295**	157,407	**146,263**	157,692
Non-Current Assets					
Receivables	7	**458**	927	**458**	927
Investments		**–**	–	**100**	100
Inventories	8	**27,365**	31,878	**27,365**	31,878
Exploration, evaluation and development expenditure	10	**203,017**	203,017	**203,017**	203,017
Property, plant and equipment	11	**372,597**	402,481	**372,081**	401,818
Deferred tax assets		**2,785**	5,507	**2,694**	5,415
Deferred loss on hedge book	16	**77,743**	–	**77,743**	–
Other	9	**–**	9,482	**–**	9,482
Total Non-Current Assets		**683,965**	653,292	**683,458**	652,637
Total Assets		**830,260**	810,699	**829,721**	810,329
Current Liabilities					
Payables	12	**22,784**	14,706	**22,672**	14,625
Interest bearing liabilities	13	**–**	76,000	**–**	76,000
Current tax liabilities		**14,961**	11,955	**14,930**	12,068
Provisions	14	**24,363**	7,632	**24,281**	7,553
Other	15	**4,013**	10,837	**4,013**	10,837
Total Current Liabilities		**66,121**	121,130	**65,896**	121,083
Non-Current Liabilities					
Payables	12	**14**	–	**14**	–
Deferred tax liabilities		**77,357**	80,734	**77,300**	80,677
Provisions	14	**3,108**	3,122	**3,065**	3,085
Hedge book liability	16	**77,743**	–	**77,743**	–
Total non-current liabilities		**158,222**	83,856	**158,122**	83,762
Total Liabilities		**224,343**	204,986	**224,018**	204,845
Net Assets		**605,917**	605,713	**605,703**	605,484
Shareholders' Equity					
Share capital	17	**214,585**	214,585	**214,585**	214,585
Reserves	18	**389,500**	389,500	**389,500**	389,500
Retained profits	19	**1,832**	1,628	**1,618**	1,399
Total Shareholders' Equity		**605,917**	605,713	**605,703**	605,484

The above statements of financial position are to be read in conjunction with the accompanying notes.

Statements of Cash Flows

for the financial period ended 31 December 2002

		CONSOLIDATED		THE COMPANY	
	NOTE	2002 $000 INFLOWS/ (OUTFLOWS)	18 MONTH PERIOD 2001 $000 INFLOWS/ (OUTFLOWS)	2002 $000 INFLOWS/ (OUTFLOWS)	18 MONTH PERIOD 2001 $000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities					
Receipts from customers		**234,014**	250,671	**233,047**	246,749
Payments to suppliers and employees		**(120,252)**	(189,066)	**(119,407)**	(185,351)
		113,762	61,605	**113,640**	61,398
Interest received		**264**	2,197	**260**	2,190
Borrowing costs paid		**(2,144)**	(7,758)	**(2,144)**	(7,758)
Income taxes paid		**(13,139)**	(26,209)	**(13,139)**	(26,209)
Refund from/(payment to) Rehabilitation Trust Fund		**9,482**	(9,482)	**9,482**	(9,482)
Net cash inflow from operating activities	28(a)	**108,225**	20,353	**108,099**	20,139
Cash flows from investing activities					
Payments for property, plant and equipment		**(9,264)**	(5,450)	**(9,248)**	(5,347)
Proceeds from sale of property, plant and equipment		**241**	1,431	**241**	1,430
Repayment of Loan to Related Party		**–**	27	**–**	12
Other Loan		**–**	(36)	**–**	(36)
Payments for Jabiluka development expenditure capitalised		**–**	(5,027)	**–**	(5,027)
Net cash outflow from investing activities		**(9,023)**	(9,055)	**(9,007)**	(8,968)
Cash flows from financing activities					
Proceeds from borrowings - related parties		**–**	18,000	**–**	18,000
Repayment of borrowings – related parties		**(76,000)**	–	**(76,000)**	–
Dividends paid		**(3,815)**	(26,659)	**(3,815)**	(26,659)
Net cash outflow from financing activities		**(79,815)**	(8,659)	**(79,815)**	(8,659)
Net (decrease)/increase in cash held		**19,387**	2,640	**19,277**	2,513
Cash at the beginning of the financial year		**5,690**	2,893	**5,552**	2,882
Effects of exchange rate changes on cash		**(265)**	157	**(265)**	157
Cash at the end of the financial year	6	**24,812**	5,690	**24,564**	5,552

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the 12-month period to 31 December 2002 with the comparative period being for the 18-month period to 31 December 2001.

It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets.

Unless otherwise stated, the accounting polices adopted have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities as at balance date and the results for the year then ended of the Company, being the parent entity, and its controlled entity ("the consolidated entity"). Details of the controlled entity appear in note 26. The balances and effects of transactions with the controlled entity included in the consolidated financial report have been eliminated.

(c) Revenue Recognition

Sale of Goods

Sales are brought to account when the products pass from the physical control of the company pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Company.

A significant portion of the Company's uranium oxide sales are provisionally priced based on prices at the time of shipment. Actual settlement is generally based on average market prices for a specific future period. Provisionally priced sales are adjusted monthly to current spot prices. These adjustments, and adjustments arising on final settlements, are reflected in sales revenue.

Rendering of Services

Revenue from the rendering of services is recognised when the service is provided.

Asset Sales

The proceeds on disposal of assets is recognised at the date control of the asset passes to the acquirer.

Other Revenue

Interest income is recognised as it accrues.

Refunds from the Ranger Rehabilitation Trust Fund are recognised as revenue when the cash has been remitted to the Company, except in certain circumstances where payments to the Ranger Rehabilitation Trust Fund are considered by the Company to be of a temporary nature, and thus recognised as a receivable as a refund is expected in relation to the payment in a subsequent period.

(d) Foreign Currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of those transactions. Amounts payable and receivable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Currency Hedging

Where hedge transactions are designated as a hedge of the purchase or sale of goods, exchange differences arising up to the date of the purchase or sale, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the purchase or sale. Any exchange differences on the hedge transactions after that date are included in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the foreign currency hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the foreign currency hedge prior to its termination are included in the statement of financial performance for the period.

Change in accounting policy for specific hedge commitments

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the sale of goods, together with subsequent gains or losses resulting from those transactions are deferred up to the date of the sale and included in the measurement of the sale. The deferred gains or losses result in an equal and offsetting hedge asset and hedge liability being recognised. In the case of hedges of exchange rate items, gains or losses are brought to account as deferred gains or losses in the reporting period in which the rates change.

The above policy was adopted with effect from 1 January 2002 to comply with the revised standard AASB 1012 – Foreign Currency Translation, released in November 2000 and applied to annual reporting periods beginning on or after 1 January 2002. In previous periods, no amount has been brought to account in respect of any gains or losses from changes in exchange rates prior to the date of sale.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

As a result of this change in accounting policy, a hedge asset representing "Deferred loss on hedge book" and a hedge liability representing "hedge book liability" were recognised for the first time, both totaling $77,743,000 as at 31 December 2002. No adjustment has been made against retained profits at the beginning of the 31 December 2002 financial year. This change in accounting policy has no impact on the statement of financial performance in the current year, or for future reporting periods. If this accounting policy had been adopted at 31 December 2001, a deferred loss on hedge book and hedge book liability of $131,976,000 would have been recognised in the Statement of Financial Position.

(e) Borrowing Costs

Borrowing costs (including interest) are included in the statement of financial performance in the period during which they are incurred, except where they are included in the cost of non-current assets that are currently being developed and will take a substantial period of time to complete. The borrowing costs included in the cost of such developments are those costs that would have been avoided if the expenditure on the development had not been made.

Borrowing costs incurred during the period in which active development is suspended for extended periods are recognised as expenses in the statement of financial performance.

Once the asset is ready for use, the capitalised borrowing costs are depreciated as a part of the carrying amount of the related asset.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted-average interest rate applicable to the Company's outstanding borrowings during the year.

(f) Income Tax

The consolidated entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

(g) Receivables

Trade debtors are normally settled within 45 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful amounts.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value using the average cost method. Cost includes both fixed and variable production costs. No accounting value is attributed to ore in situ or broken ore within the mine. Stores are valued at cost less a provision, where applicable, for obsolescence.

(i) Recoverable amount of Non-current Assets

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amount for property, plant and equipment including mine properties, along with development expenditure, the relevant cashflows have been discounted to their present value.

(j) Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and, except for land, are depreciated as outlined below.

Depreciation and Amortisation

Depreciation of plant and equipment is provided for as follows:

(i) individual assets that have a life equal to or longer than the estimated remaining life of the Ranger mine are depreciated on a unit of production basis over the life of the economically recoverable resources; and

(ii) each other asset is depreciated over its estimated operating life on a straight line basis.

The following indicates the depreciation method for buildings and plant and equipment on which the depreciation charges are based:

(i) Buildings
– units of production over Ranger mine

(ii) Plant and equipment*
– units of production over Ranger mine

** Some of these assets are depreciated on a straight line basis over their useful operating life which is less than the life of the Ranger mine.*

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leased Plant and Equipment

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Ranger Project Rights

Ranger Project Rights are amortised on a unit of production basis over the life of the economically recoverable resources of Ranger.

(k) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs incurred in conducting exploration activities are carried forward and a provision equal in amount is created by charging the statement of financial performance. The provision is reversed where it is determined that the related area of interest has economically recoverable resources and is to be developed.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. The Jabiluka project is on care and maintenance, and all costs incurred on this project during this period are expensed immediately.

When an area of interest is abandoned or the Directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

When production commences, carried forward exploration, evaluation and development costs are transferred to mine properties and are amortised on a units of production basis over the life of the economically recoverable reserves.

(l) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 55 days.

(m) Uranium Loan

The Company as and when required may enter into a uranium loan facility. Drawdowns of uranium under the loan agreement will be initially recorded at the uranium spot price. Uranium drawn down and held as buffer stock will be classified as current inventory. The entire loan will be classified as a current borrowing.

(n) Rehabilitation

ERA is required to rehabilitate the Ranger Project Area upon cessation of mining operations. The cost of rehabilitation upon cessation of mining will be met out of funds held in the Ranger Rehabilitation Trust Fund.

In order to determine the cost of rehabilitation an annual independent assessment is made. The assessed cost of rehabilitation is then compared to the amount held in the Trust Fund resulting in either a surplus or deficit. A surplus or deficit, or part thereof, is recognised in the statement of financial performance unless it is considered temporary, with a corresponding receivable or provision for rehabilitation being recognised in the statement of financial position. Where a temporary surplus or deficit occurs, no adjustments are made, however, disclosure of such amounts are reflected. In instances where temporary deficits require cash outlays to be made, an amount receivable from the fund is recognised.

ERA is required to rehabilitate the Jabiluka Lease Area to a standard compatible with incorporation into Kakadu National Park if desired by the landowners, upon cessation of mining operations. The cost of rehabilitation is currently secured by a bank guarantee and fully provided for in the financial statements.

(o) Derivatives

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The consolidated entity has used the following derivative financial instruments to hedge these risks: forward foreign exchange contracts and foreign exchange options. Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure.

Derivative financial instruments are not held for speculative purposes.

(p) Employee Entitlements

Wages and Salaries, Annual Leave and Sick Leave

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and include related on-costs.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows that will be made resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to Commonwealth government securities at balance date, which most closely match the terms of maturity of the related liabilities.

Superannuation Plan

Contributions to superannuation funds are recognised as an expense in the statement of financial performance as incurred.

(q) Investments

Controlled Entities

The investment in the controlled entity is carried in the Company's financial report at the lower of cost or recoverable amount. Dividends and distributions are recognised in the statement of financial performance when they are declared by the controlled entity.

(r) Interest bearing liabilities

Borrowings are recognised as a liability in the statement of financial position at the principal amount. Interest expense is accrued at the contracted rate.

(s) Cash

For the purposes of the statement of cashflows, cash includes cash on hand and deposits held at call with banks net of any bank overdrafts.

(t) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Change in basis of determining earnings per share

In previous years basic earnings per share was determined using the profit from ordinary activities after income tax and preference share dividends attributable to members of the company, thereby excluding extraordinary items from earnings. Diluted earnings per share in previous years adjusted the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and earnings that would have arisen had the dilutive options been exercised during the financial year rather than adjusting the weighted average number of shares to include potential ordinary shares assumed to have been issued for no consideration.

The change in the basis for calculating earnings per share figures was made to comply with AASB 1027 Earnings per Share, issued in June 2001.

The earnings per share information for the year ended 31 December 2002 has been recalculated to present the comparative amounts on a consistent basis with the current financial year.

(u) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been "rounded off" in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(v) Employee share savings plan

On 10 September 2001, qualifying employees across the global Rio Tinto Group, including employees of the Company, were invited to participate in the Rio Tinto Share Savings Plan (SSP). Under the SSP, qualifying employees who elect to participate in the SSP, determine a fixed rate savings plan for either a three of five year term, which is restricted to be within a set minimum and maximum per month as determined each year under the SSP, which for the 2002 share savings plan were set at $15 and $740 respectively. Options are granted annually to participating employees, with the number of options granted determined by their fixed rate savings plan. Options granted are for the acquisition of Rio Tinto Limited of Rio Tinto plc shares at a price that is at a 20% discount to the market price at the time of the grant.

No accounting entries are made in relation to the Rio Tinto SSP until options are exercised, at which time any shortfall between the exercise price paid by the employee of the Company and the market price of the Rio Tinto Limited or Rio Tinto plc shares at the date of exercise is charged by Rio Tinto to the Company and recognised as an employee benefits expense in the statement of financial performance.

	CONSOLIDATED		THE COMPANY	
	2002 $000	18 MONTH PERIOD 2001 $000	2002 $000	18 MONTH PERIOD 2001 $000
2. REVENUE				
Revenue from operating activities				
Sale of goods	**197,736**	231,839	**197,736**	231,839
Rendering of services	**967**	969	**–**	–
Total sales revenue	**198,703**	232,808	**197,736**	231,839
Revenue from outside operating activities				
Interest received/receivable, other parties	**264**	939	**260**	932
Proceeds from sale property, plant and equipment	**241**	1,431	**241**	1,430
	199,208	235,178	**198,237**	234,201
3. OPERATING PROFIT				
The operating profit before income tax expense includes the following specific net gains and expenses:				
Cost of Sales	**123,369**	154,347	**123,369**	154,347
Amortisation of Ranger Project Rights	**16,051**	24,825	**16,051**	24,825
Depreciation of non-current assets:				
Land and buildings	**3,118**	5,191	**3,074**	5,124
Plant and equipment	**19,881**	34,262	**19,766**	34,096
Total depreciation	**22,999**	39,453	**22,840**	39,220
Royalty payments	**2,220**	3,109	**2,220**	3,109
Payments to Aboriginal interests	**7,742**	11,245	**7,742**	11,245
Auditors' remuneration – KPMG[(1)]				
Audit services	**–**	191	**–**	191
Other services	**–**	93	**–**	93
Auditors' Remuneration – PricewaterhouseCoopers[(2)]				
Audit services	**105**	100	**105**	100
Other services	**–**	41	**–**	41
Rental expense relating to operating leases	**348**	626	**333**	592
Borrowing costs:				
Related parties	**2,466**	6,433	**2,466**	6,433
Other parties	**336**	1,325	**336**	1,325
Net (credit)/expense from movements in provision for:				
Employee entitlements	**463**	148	**489**	209
Stores obsolescence	**(258)**	60	**(258)**	60
Doubtful debts	**32**	(28)	**32**	33
Research and development expenditure	**3,080**	12,851	**2,460**	12,851
Net (gain)/loss on sale of property, plant and equipment	**(143)**	(206)	**(153)**	(206)
(1) Auditors remuneration KPMG				
Audit Services: Auditors of the Company (resigned 2001)	*–*	*$190,859*	*–*	*$190,859*
Other Services: Auditors of the Company (resigned 2001)	*–*	*$93,455*	*–*	*$93,455*
(2) Auditors remunerations PricewaterhouseCoopers				
Audit Services: Auditors of the Company	*$105,000*	*$100,000*	*$105,000*	*$100,000*
Other Services: Prior to appointment as Auditors of the Company	*–*	*$41,488*	*–*	*$41,488*

	CONSOLIDATED		THE COMPANY	
	2002 $000	18 MONTH PERIOD 2001 $000	2002 $000	18 MONTH PERIOD 2001 $000

4. INCOME TAX

(a) Income tax expense

Income tax is calculated as follows:				
Operating profit before income tax	**36,675**	29,651	**36,658**	29,731
Prima facie income tax expense @ 30% (2001: 6 months @ 34%, 12 months at 30%)	**11,003**	9,409	**10,997**	9,435
Tax effect of permanent differences				
Amortisation of Ranger Project Rights	**4,815**	7,226	**4,815**	7,226
Other non-allowable items	**47**	45	**21**	47
Research and development concession	**(375)**	(703)	**(375)**	(703)
Income tax under provided in prior years	**–**	486	**–**	486
Income tax expense attributable to operating profit	**15,490**	16,463	**15,458**	16,491
Restatement of deferred tax balances due to change in Company tax rate	**–**	(2,839)	**–**	(2,839)
Income tax expense	**15,490**	13,624	**15,458**	13,652

Tax Consolidation Regime

During the period, most of the Australian Tax Consolidation legislation became substantively enacted for financial reporting purposes. The wholly-owned Australian resident subsidiary within the Energy Resources of Australia Limited Group, and the Company, may, by election, enter the Tax Consolidation Regime. At the date of this report no decision has been made by the Company or the Energy Resources of Australia Limited Group to make the election. However management are of the view that it is likely any such election would be made effective not earlier than 1 January 2003. The Tax Consolidation Regime is not expected to impact the accounts of the Company as at 31 December 2002.

Due to the single entity concept contained in the Tax Consolidation Regime, there may be an impact in subsequent years on the tax related items in the Company's accounts and the accounts of it's wholly-owned Australian resident subsidiary. Franking account balances of the Company and the Australian resident wholly-owned subsidiary may also be impacted. Any impact from the above is not expected to be material.

Trading Stock Case

On 28 January 2003, a decision was handed down in the Federal Court of Australia in Energy Resources of Australia Limited v Commissioner of Taxation. The decision relates to the valuation of ERA's trading stock for the year ended 30 June 1993. The decision had the effect of reducing ERA's taxable income for the year ended 30 June 1993. At the date of signing these accounts the time for the Commissioner to appeal the decision had not expired. If the decision stands it could have the effect of increasing ERA's after tax profit by approximately $9.7 million, resulting primarily from adjustment to provisions against a possible negative result in the case. No benefit arising from this judgement has been included in the financial results of the period. The cash flow consequences will be immaterial.

	CENTS PER SHARE	TOTAL AMOUNT $'000	DATE OF PAYMENT	FRANKED TAX RATE	PERCENTAGE FRANKED

5. DIVIDENDS

Dividends proposed or paid by the Company are:

	CENTS PER SHARE	TOTAL AMOUNT $'000	DATE OF PAYMENT	FRANKED TAX RATE	PERCENTAGE FRANKED
2002					
Final – ordinary	**11.0**	**20,981**	**28 February 2003**	**30% (Class C)**	**100%**
	11.0	**20,981**			
2001					
Interim – ordinary	3.0	5,722	28 February 2001	34% (Class C)	100%
Second interim – ordinary	3.0	5,722	21 September 2001	30% (Class C)	100%
Final – ordinary	2.0	3,815	28 February 2002	30% (Class C)	100%
	8.0	15,259			

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000
Dividend Franking Account				
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:				
Class C (30%) franking credits (2001: 30%)	**24,114**	46,153	**23,697**	45,385

The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.

Tax Consolidation Regime

Consistent with note 4, the new Tax Consolidation Regime will, should the Energy Resources of Australia Limited Group decide to adopt the Regime, impact the franking account balances of the Company and wholly-owned Australian resident subsidiary. The potential impact of the new Tax Consolidation Regime has not been taken into account in determining the balance of the Company's franking account. Any impact is not expected to be material.

6. CASH ASSETS

	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000	THE COMPANY 2002 $000	THE COMPANY 2001 $000
Current				
Cash at bank and on hand	**24,812**	5,690	**24,564**	5,552

Notes to the financial statements continued

for the financial period ended 31 December 2002

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000
7. RECEIVABLES				
Current				
Trade debtors	**32,026**	45,319	**31,469**	44,873
Less provision for doubtful debts	–	–	–	–
	32,026	45,319	**31,469**	44,873
Other debtors	**2,898**	1,940	**2,884**	1,912
Less provision for doubtful debts	**(83)**	(51)	**(83)**	(51)
	2,815	1,889	**2,801**	1,861
Related entity	**12,867**	15,252	**13,654**	16,232
	47,708	62,460	**47,924**	62,966
Non-current				
Other debtors	**458**	927	**458**	927
	458	927	**458**	927
8. INVENTORIES				
Current				
Stores and spares at cost	**11,313**	12,204	**11,313**	12,204
Less provision for obsolescence	**(1,658)**	(1,916)	**(1,658)**	(1,916)
	9,655	10,288	**9,655**	10,288
Ore stockpiles at cost	**12,195**	6,974	**12,195**	6,974
Work in progress at cost	**2,546**	1,683	**2,546**	1,600
Finished product U_3O_8 at cost	**44,830**	62,001	**44,830**	62,001
	69,226	80,946	**69,226**	80,863
Non-current				
Ore stockpiles at cost	**27,365**	31,878	**27,365**	31,878
9. OTHER ASSETS				
Current				
Prepayments	**4,549**	4,943	**4,549**	4,943
Prepaid Hedge Asset	–	3,368	–	3,368
	4,549	8,311	**4,549**	8,311
Non-current				
Receivable from rehabilitation trust fund	–	9,482	–	9,482
10. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE				
Non-current				
Exploration and Evaluation Phase:				
Exploration expenditure at cost	**881**	881	**881**	881
Less provision for write down	**(881)**	(881)	**(881)**	(881)
	–	–	–	–
Development Phase:				
Balance brought forward	**203,017**	197,990	**203,017**	197,990
Additions at cost	–	5,027	–	5,027
Total exploration, evaluation and development expenditure	**203,017**	203,017	**203,017**	203,017

	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000	THE COMPANY 2002 $000	THE COMPANY 2001 $000
11. PROPERTY, PLANT AND EQUIPMENT				
(a) Non-current				
Mine land and buildings				
Mine land and buildings at cost	**92,932**	92,932	**92,416**	92,416
Less accumulated depreciation	**(57,837)**	(54,719)	**(57,664)**	(54,590)
	35,095	38,213	**34,752**	37,826
Plant and equipment				
Plant and equipment at cost	**441,404**	433,405	**440,794**	432,783
Less accumulated depreciation	**(264,760)**	(246,046)	**(264,323)**	(245,700)
	176,644	187,359	**176,471**	187,083
Mine properties				
Ranger Project Rights at cost	**407,000**	407,000	**407,000**	407,000
Less accumulated amortisation	**(246,142)**	(230,091)	**(246,142)**	(230,091)
	160,858	176,909	**160,858**	176,909
Total property, plant and equipment	**372,597**	402,481	**372,081**	401,818
(b) Reconciliations of the carrying amounts of each class of property, plant and equipment of the beginning and end of the current financial period as set out below:				
Mine land and buildings				
Carrying amount at 31 December 2001	**38,213**	43,394	**37,826**	42,940
Additions	**–**	10	**–**	10
Depreciation	**(3,118)**	(5,191)	**(3,074)**	(5,124)
Carrying amount at 31 December 2002	**35,095**	38,213	**34,752**	37,826
Plant and equipment				
Carrying amount at 31 December 2001	**187,359**	217,406	**187,083**	217,066
Additions	**9,264**	5,440	**9,248**	5,337
Write back of assets disposed	**(98)**	(1,225)	**(94)**	(1,224)
Depreciation	**(19,881)**	(34,262)	**(19,766)**	(34,096)
Carrying amount at 31 December 2002	**176,644**	187,359	**176,471**	187,083
Mine properties				
Carrying amount at 31 December 2001	**176,909**	201,734	**176,909**	201,734
Amortisation	**(16,051)**	(24,825)	**(16,051)**	(24,825)
Carrying amount at 31 December 2002	**160,858**	176,909	**160,858**	176,909

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000
12. PAYABLES				
Current				
Amount owing to related entities	**286**	–	**409**	668
Trade creditors	**21,744**	13,740	**21,608**	13,102
Other creditors	**754**	966	**655**	855
	22,784	14,706	**22,672**	14,625
Non-Current				
Other Creditors	**14**	–	**14**	–
	14	–	**14**	–
13. INTEREST BEARING LIABILITIES				
Current				
Loan from related entity	–	76,000	–	76,000

Details of financing arrangements are provided in Note 29

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000
14. PROVISIONS				
Current				
Employee entitlements	**3,382**	3,772	**3,300**	3,693
Dividends	**20,981**	3,815	**20,981**	3,815
Other	–	45	–	45
	24,363	7,632	**24,281**	7,553
Non-current				
Employee entitlements	**444**	458	**401**	421
Rehabilitation	**2,664**	2,664	**2,664**	2,664
	3,108	3,122	**3,065**	3,085
15. OTHER LIABILITIES				
Current				
Foreign exchange hedge liability on debtors	**4,013**	10,837	**4,013**	10,837
16. DEFERRED LOSS ON HEDGE BOOK				
Non-current asset				
Deferred loss on hedge book	**77,743**	–	**77,743**	–
Non-current liability				
Hedge book liability	**77,743**	–	**77,743**	–

Refer to Note 1(d) for the change in accounting policy for specific hedge commitments adopted with effect from 1 January 2002

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000

17. SHARE CAPITAL

Issued and paid up capital comprises:

142,865,446 A Class shares fully paid				
27,573,468 B Class shares fully paid				
20,299,020 C Class shares fully paid				
190,737,934 Total fully paid shares	**214,585**	214,585	**214,585**	214,585

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

18. RESERVES

Capital reconstruction	**389,500**	389,500	**389,500**	389,500

In June 1995, ERA reduced its share capital by cancelling $0.95 of the capital paid up on each issued share and reducing the par value of each issued share from $1.00 to $0.05. The cancelled capital (comprising $389,500,000 in total) was credited to a Capital Reconstruction Reserve. Potentially dividends are distributable from this reserve.

19. RETAINED PROFITS

Retained profits at the beginning of the year	**1,628**	860	**1,399**	579
Net Profits attributable to members	**21,185**	16,027	**21,200**	16,079
Dividends paid/payable	**(20,981)**	(15,259)	**(20,981)**	(15,259)
	1,832	1,628	**1,618**	1,399

20. CONTINGENT LIABILITIES AND LEGAL DISPUTES

Contingent Liabilities

Rehabilitation

ERA has given an undertaking to the Commonwealth Government to rehabilitate the Ranger Project Area after cessation of mining operations. The latest estimated cost of rehabilitation, should ERA have been required to cease mining at 31 March 2002, was $32,289,000 (including a 5% contingency). At 31 March 2002 the Ranger Rehabilitation Trust Fund held funds in excess of the assessed liability and the excess amount of $9,481,654 was refunded to ERA by the fund during the year.

Bank Guarantee

ERA has issued a bank guarantee as security for the Jabiluka Rehabilitation Trust for $2,663,900. This bank guarantee is required to be in place until the next assessment of the Trust Fund, when the amount will be adjusted in line with the new requirement. The expected rehabilitation cost has been fully provided for in the statement of financial position.

Legal actions against ERA

The remaining argument in the action listed in the Federal Court against the former Federal Minister for Resources and ERA claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative is dormant. Should ERA proceed with the Jabiluka Mill Alternative, notice will be given to the applicant who may or may not wish to pursue the argument further.

No material losses are anticipated in respect of any of the above contingent liabilities or legal disputes.

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000
21. COMMITMENTS				
(a) Capital expenditure commitments contracted but not provided for and payable:				
Not later than 1 year	**567**	1,995	**567**	1,995
(b) Lease commitments				
(i) Operating leases Future operating lease rentals not provided for in the financial statements and payable:				
Not later than 1 year	**362**	317	**356**	292
Later than 1 year but not later than 5 years	**54**	316	**54**	302
	416	633	**410**	594

The consolidated entity leases property, plant and equipment under operating leases expiring from two to four years. Some leases provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount and may include an incremental contingent rental.

	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000	THE COMPANY 2002 $000	THE COMPANY 2001 $000
(ii) Mineral tenement leases Future mineral tenement lease payment not provided for in the financial statements and payable:				
Not later than 1 year	**73**	73	**73**	73
Later than 1 year but not later than 5 years	**291**	291	**291**	291
Later than 5 years	**1,135**	1,208	**1,135**	1,208
	1,499	1,572	**1,499**	1,572

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay an amount of approximately $73,000 in the year ending 31 December 2003 in respect of tenement lease rentals.

(c) ERA is liable to make payments to the Commonwealth as listed below:

(i) An amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement (Aboriginal Land Rights (NT) Act 1976). This amounts to $200,000 per annum during the currency of the Agreement;

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Account pursuant to a determination under Section 63(5)(b) of the Aboriginal Land Rights (NT) Act 1976. These amounts are calculated at 4.25% of Ranger net sales revenue (amounts paid during 2001: $11,245,000, 2002: $7,542,000);

(iii) Amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25% of Ranger net sales revenue (amounts paid during 2001: $3,109,000, 2002: $2,220,000);

(iv) Amounts such that the Ranger Rehabilitation Trust Fund as at 31 March each year is equal to the independently assessed rehabilitation liability at Ranger. In March 2002 excess funds were held in the Ranger Rehabilitation Trust Fund and therefore a refund of $9,482,000 was received by the company.

21. COMMITMENTS CONTINUED

(d) ERA is liable to make payments to the Northern Land Council pursuant to a Deed Poll entered into by the Company in May 1998, in respect of Jabiluka, as listed below:

(i) Aboriginal Housing - $755,000 p.a.* for 10 years from the commencement of production;

(ii) Womens Resource Centre - $100,000 p.a.* from commencement of construction, 15 June 1998, until two years after cessation of the project;

(iii) Social Impact Monitoring - $100,000 p.a.* from commencement of construction, 15 June 1998, until two years after cessation of the project, then $50,000 p.a.* for three years;

(iv) Control of Alcohol - $70,000 p.a.* from commencement of construction, 15 June 1998, until two years after cessation of the project;

(v) Education - $200,000 to establish an Aboriginal Education Unit. In addition $70,000 p.a.* from June 1999 until two years after cessation of the project.

** Subject to CPI escalation.*

(e) ERA is liable to make payments to the Northern Land Council (NLC) pursuant to the Section 43 Agreement (Aboriginal Land Rights (NT) Act 1976) between Pancontinental Mining Limited and Getty Oil Development Company Limited and the NLC dated 21 July 1982, which was assigned to ERA with the consent of the NLC, as listed below:

(i) Up front royalty payment of $3,400,000 on the commencement of production.

(ii) Annual royalty payments calculated at 4.5% of net sales revenue less $500,000 less any amounts paid to the Aboriginals Benefit Reserve by the Commonwealth under the conditions specified in the mining lease (refer commitment (f) below) for the first 10 years and thereafter at 5% of net sales revenue less any amounts paid to the Aboriginals Benefit Reserve by the Commonwealth under the conditions specified in the mining lease (refer commitment (f) below).

(f) ERA is liable to make payments to the Commonwealth in respect of the Jabiluka project pursuant to the conditions attached to the Mining Lease. The amount payable was, until 30 June 1990, calculated at the rate of 5.25% of net sales revenue from the Jabiluka project.

		CONSOLIDATED		THE COMPANY	
	NOTE	2002 $000	2001 $000	2002 $000	2001 $000
22. EMPLOYEE ENTITLEMENTS					
Aggregate employee entitlements, including on-costs					
Current	14	**3,382**	3,772	**3,300**	3,693
Non-current	14	**444**	458	**401**	421
		3,826	4,230	**3,701**	4,114

	NUMBER		NUMBER	
Employee numbers				
Number of employees at year end	**184**	231	**169**	216
The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:				
Assumed rate of increase in Wage and salary rates	–	–	–	–
Discount rate (%)	**5.5%**	5.9%	**5.5%**	5.9%
Settlement terms (years)	**7**	7	**7**	7

Directors' Retirement Allowance

The entering into of contracts with Directors for the provision of a retirement allowance was approved by shareholders on 18 October 1990. A retirement allowance provides benefits to certain non-executive Directors who have served for three years or less, an amount equal to the fees; or longer than three years, an amount equal to the statutory three years emoluments plus for each year or part of a year of service exceeding three, an additional amount equal to 5% of the statutory three years emoluments.

The Company's liability for Directors' retirement benefits, which is based on the number of years service provided at the balance date, has been included in employee entitlements.

Superannuation

The Company's employees are members of the Rio Tinto Staff Superannuation Fund (the Fund) which provides benefits on retirement, death, disablement or leaving service. The principal benefits are lump sum accumulation benefits.

The Fund also provides defined benefits to a closed group of members but none of these members are employees of the Company.

Formerly, the Company's employees were members of the North Superannuation Fund. The assets and liabilities in respect of all members of the North Superannuation Fund were transferred to the Rio Tinto Superannuation Fund on 30 April 2001.

The assets attributable to ERA employees who are members of the Fund equal the accumulation account balances in respect of these members.

Contributions are made by the Company as a percentage of salary as specified by the Company. The contributions are legally enforceable up to the date upon which such obligation is terminated pursuant to the Trust Deed and negotiated agreements.

23. DIRECTORS' AND EXECUTIVES' REMUNERATION

The total sum available for remuneration of non-executive Directors is approved by the shareholders.

The remuneration of executive officers is set by reference to the wider Rio Tinto context determined following review by Rio Tinto Board Remuneration Committee. Executive remuneration and other terms of employment are reviewed annually by ERA and Rio Tinto Limited having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

Details of the nature and amount of each element of the remuneration of each Director and each of the five highest paid executives of the Company and the consolidated entity for the year ended 31 December 2002 are set out below:

	DIRECTORS' BASE FEE $	COMMITTEE FEES $	SUPERANNUTION $	OTHER $	TOTAL $
Non Executive Directors					
B Horwood	**55,192**	–	–	–	**55,192** [1]
G Boyce	**31,250**	–	–	–	**31,250** [1]
B Cusack	**39,982**	–	**4,398**	–	**44,380**
R Carter	**31,250**	**7,500**	**4,263**	–	**43,013**
B Hickman	**31,250**	**7,500**	**4,263**	–	**43,013**
W Kinugawa	**31,250**	–	–	–	**31,250**
R Matthews	**31,250**	–	–	–	**31,250** [2]

1 Amounts paid directly to Rio Tinto Limited
2 Amounts paid directly to Cameco Australia Pty Ltd

	BASE SALARY $	MOTOR VEHICLE $	BONUS $	SUPERANNUATION $	OTHER BENEFITS* $	TOTAL $
Executive Director						
R Cleary	**303,167**	**31,325**	**73,400**	**72,874**	**69,875**	**550,641**
Officers						
The Company						
M Coulter	**181,000**	**26,160**	**32,900**	**37,516**	**60,141**	**337,717**
C Kinnell	**239,207**	**26,160**	**22,200**	–	**874**	**288,441**
J Hughes	**150,974**	**26,160**	**27,400**	**33,861**	**55,533**	**293,928**
R Weston	**204,840**	**26,160**	**32,900**	**45,983**	**34,059**	**343,942**
Consolidated Entity						
Includes each of the Executives of the Company detailed above and:						
A Milnes	**177,600**	**26,160**	**32,400**	**33,996**	**43,288**	**313,444**

* *Includes items such as termination payments, the value of options issued, all fringe benefits provided together with any related fringe benefits tax and annual leave and long service leave entitlements accrued during the year.*

23. DIRECTORS' AND EXECUTIVES' REMUNERATION CONTINUED

Options Issued Under the Rio Tinto Share Option Plan

Included in the remuneration noted above within Other Benefits, are options over unissued ordinary shares of Rio Tinto Limited granted during or since the end of the financial year to any of the Directors or the five most highly remunerated executive officers of the Company and consolidated entity as part of their remuneration as follows:

OFFICERS	OPTIONS ISSUED NUMBER	VALUE OF OPTIONS INCLUDED IN REMUNERATION $
The Company		
R Cleary	**3,824**	**45,750**
M Coulter	**2,259**	**27,330**
J Hughes	**1,917**	**22,935**
R Weston	**2,401**	**28,725**
Consolidated Entity		
Includes each of the Executives of the Company detailed above and:		
A Milnes	**2,238**	**26,775**

All options issued above were granted on 13 March 2002, with an issue price of shares of $39.8708 and an expiry date of 12 March 2012.

The value of options included in remuneration above, is the assessed fair value which has been based on advice from Rio Tinto Limited, who utilises a Black-Scholes options pricing model.

Directors' income reflects remuneration in connection with the management of the affairs of the Company and its controlled entity.

The number of Directors of the Company, including Executive Directors, whose income from the Company and related parties (including Rio Tinto Limited), falls within the following:

	THE COMPANY	
	12 MONTH PERIOD 2002	18 MONTH PERIOD 2001
$0 to $9,999	–	5
$10,000 to $19,999	–	3
$20,000 to $29,999	–	1
$30,000 to $39,999	**3**	2
$40,000 to $49,999	**3**	–
$50,000 to $59,999	**1**	2
$80,000 to $89,999	–	1
$130,000 to $139,999	–	1*
$550,000 to $559,999	**1**	–
$780,000 to $789,999	–	1

* Includes amounts paid out upon retirement.

	CONSOLIDATED 2002 $000	CONSOLIDATED 18 MONTH PERIOD 2001 $000	THE COMPANY 2002 $000	THE COMPANY 18 MONTH PERIOD 2001 $000

23. DIRECTORS' AND EXECUTIVES' REMUNERATION CONTINUED

	CONSOLIDATED 2002	CONSOLIDATED 18 MONTH PERIOD 2001	THE COMPANY 2002	THE COMPANY 18 MONTH PERIOD 2001
Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties:			**827,117**	1,268,371
Total income paid or payable, or otherwise made available to all Directors of the Company and controlled entity from the Company or any related party:	**827,117**	1,268,371		
Retirement benefits of Directors Retirement benefits paid to Directors of the Company and controlled entities, being amounts that have been previously approved by the members of the Company in a general meeting	**–**	105,000	**–**	105,000

The Company considers that the Executives of ERA comprise the Chief Executive together with his direct reports who are responsible for the management of significant resources of the Company.

Income includes salary, all fringe benefits provided together with any related fringe benefits tax, annual leave and long service leave entitlements accrued during the year, superannuation contributions and the value of options issued under the Rio Tinto Limited Share Option Plan.

The number of executive officers of the Company and of controlled entities whose remuneration from the Company and related parties falls within the following bands:

	CONSOLIDATED 2002	CONSOLIDATED 18 MONTH PERIOD 2001	THE COMPANY 2002	THE COMPANY 18 MONTH PERIOD 2001
$100,000 to $109,999	**–**	1	**–**	1
$120,000 to $129,999	**–**	1	**–**	1
$130,000 to $139,999	**–**	1	**–**	1
$280,000 to $289,999	**1**	–	**1**	–
$290,000 to $299,999	**1**	–	**1**	–
$310,000 to $320,000	**1**	–	**–**	–
$330,000 to $339,999	**1**	1	**1**	1
$340,000 to $349,999	**1**	–	**1**	–
$410,000 to $419,999	**–**	2	**–**	1
$550,000 to $559,999	**1**	–	**1**	–
$670,000 to $679,999	**–**	1	**–**	1
$780,000 to $789,999	**–**	1	**–**	1

Total remuneration received or due and receivable by these Executives from:				
The Company	**1,814,668**	2,577,591	**1,814,668**	2,577,591
Related parties	**313,444**	415,280	**–**	–
	2,128,112	2,992,871	**1,814,668**	2,577,591

24. RELATED PARTIES

Directors

The names of persons who were Directors of ERA at any time during the financial period are as follows:

R Carter, R Cleary, B Hickman, B Cusack, G Boyce (Alternates: A Harding, A Lloyd), B Horwood, R Matthews (Alternates: J-L Narcy, D McGrane), W Kinugawa (Alternates: K Tsuzuku, T Yonezawa, M Mori, A Yonekawa, T Takeda).

Information relating to Directors' remuneration and retirement benefits is set out in note 23.
Information relating to Directors' shareholdings is set out in the Directors' Report.

Transactions with Directors' and Director-related Entities

Mr W Kinugawa is a Director of ERA. Japan Australia Uranium Resources Development Co Ltd (JAURD) is considered to be a Director-related entity of Mr W Kinugawa.

JAURD purchased drummed U_3O_8 from ERA during the year. All purchases were conducted on commercial terms and conditions.

Sales revenue derived from JAURD totalled $43,865,166 (2001: $77,338,718).

Commission paid to JAURD totalled $455,597 (2001: $913,071)

Amounts receivable from JAURD at 31 December 2002 totalled $12,866,749 (2001: $15,252,249).

In September 2002 ERA signed a uranium loan agreement with JAURD. The agreement provides ERA with a facility to borrow up to 1,184 tonnes of U_3O_8. The agreement is on commercial terms. No drawdowns on the facility occurred during the year.

Interest paid in respect of the uranium loan totalled $nil (2001: $251,827).

Facility fee paid in respect of the uranium loan totalled $71,959.

Controlled Entity

Information relating to the controlled entity is set out in note 26.

Ultimate Parent Entity

The ultimate parent entity is Rio Tinto Limited. This interest is held through North Limited (incorporated in Victoria, Australia) which has beneficial ownership of 68.4% of the issued ordinary shares of the Company. North Limited owns 34.1% directly and the remaining 34.3% through its subsidiary, Peko Wallsend Ltd.

Loan from Related Party

During the period ERA entered into a US$40,000,000 one year loan facility with North Finance Limited, a wholly owned subsidiary of Rio Tinto Limited. This facility was negotiated on commercial terms and conditions. At 31 December 2002 no amount of the facility was utilised (2001: A$76,000,000).

Superannuation Fund

Information relating to the consolidated entity's superannuation fund is set out in note 22.

	CONSOLIDATED		THE COMPANY	
	2002 $000	18 MONTH PERIOD 2001 $000	2002 $000	18 MONTH PERIOD 2001 $000

24. RELATED PARTIES CONTINUED

Related Party Transactions

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with related parties:				
Management fees paid to ultimate parent entity:				
– Rio Tinto Limited	**1,350**	225	**1,350**	225
– North Limited	**–**	171	**–**	152
Consulting fees paid to:				
– EWL Sciences Pty Ltd – controlled entity	**–**	–	**1,412**	2,375
– Rio Tinto Limited	**2,193**	–	**2,193**	–
Interest paid to related parties	**2,010**	6,643	**2,010**	6,643
Aggregate amounts recognised in relation to other transactions with each class of other related parties:				
Dividends paid/payable to				
– Parent entity – North Limited	**8,455**	5,203	**8,455**	5,203
– Related parties – Peko Wallsend Ltd	**8,506**	5,233	**8,506**	5,233
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Current assets – cash assets				
– Related parties – Rio Tinto Finance Ltd	**23,313**	–	**23,313**	–
Current assets - receivables				
– Related parties – JAURD	**12,867**	15,252	**12,867**	15,252
– Controlled entities – EWL Sciences Pty Ltd	**–**	–	**787**	980
Current liabilities - creditors				
– Related parties – Rio Tinto Limited	**286**	–	**286**	–
– Controlled entities – EWL Sciences Pty Ltd	**–**	–	**123**	668
Current liabilities – borrowings				
– Related parties – North Finance Ltd	**–**	76,000	**–**	76,000

All related party transactions were conducted on commercial terms and conditions.

25. SHAREHOLDER–CUSTOMER TRANSACTIONS

All sales were conducted on commercial terms and conditions.

Total revenue derived from shareholder customers totalled $43,865,166 (2001: $77,338,718).

Amounts receivable from Shareholder related customers as at 31 December 2002 totalled $12,866,749 (2001: $15,252,249).

26. INVESTMENT IN CONTROLLED ENTITY

NAME OF ENTITY	PLACE OF INCORPORATION	CLASS OF SHARE	INTEREST HELD 2002	INTEREST HELD 2001
EWL Sciences Pty Ltd	NSW	Ordinary	**100%**	100%

The above controlled entity is wholly-owned and no dividends were paid to the parent entity (2001: $Nil).

27. SEGMENT INFORMATION

Primary Reporting – Business Segments

2002 – 12 MONTHS	URANIUM $000	CONSULTING $000	ELIMINATIONS $000	CONSOLIDATED $000
Sales to external customers	**197,736**	**967**	**–**	**198,703**
Intersegment sales	**–**	**1,412**	**(1,412)**	**–**
Total sales revenue	**197,736**	**2,379**	**(1,412)**	**198,703**
Other Revenue	**501**	**4**	**–**	**505**
Total Segment revenue	**198,237**	**2,383**	**(1,412)**	**199,208**
Operating Profit/(loss) before tax	**36,658**	**17**	**–**	**36,675**
Income Tax expense	**(15,458)**	**(32)**	**–**	**(15,490)**
Operating Profit/(loss) after tax	**21,200**	**(15)**	**–**	**21,185**
Total assets (exc Tax)	**827,027**	**1,235**	**(787)**	**827,475**
Total liabilities (exc Tax)	**131,788**	**237**	**–**	**132,025**
Acquisitions of non-current assets	**9,248**	**16**	**–**	**9,264**
Depreciation & amortisation expense	**38,891**	**159**	**–**	**39,050**
Other non-cash expenses	**263**	**(26)**	**–**	**237**
Net cash inflow from operating activities	**108,099**	**126**	**–**	**108,225**

2001 – 18 MONTHS	URANIUM $000	CONSULTING $000	ELIMINATIONS $000	CONSOLIDATED $000
Sales to external customers	231,839	969	–	232,808
Intersegment sales	–	2,375	(2,375)	–
Total sales revenue	231,839	3,344	(2,375)	232,808
Other Revenue	2,362	8	–	2,370
Total Segment revenue	234,201	3,352	(2,375)	235,178
Operating Profit/(loss) before tax	29,731	(80)	–	29,651
Income Tax expense	(13,652)	28	–	(13,624)
Operating Profit/(loss) after tax	16,079	(52)	–	16,027
Total assets (exc Tax)	804,914	1,450	(1,172)	805,192
Total liabilities (exc Tax)	112,100	197	–	112,297
Acquisitions of non-current assets	5,347	103	–	5,450
Depreciation & amortisation expense	64,045	233	–	64,278
Other non-cash expenses	302	(122)	–	180
Net cash inflow from operating activities	20,139	214	–	20,353

2002 – 12 MONTHS	CONSOLIDATED $000

27. SEGMENT INFORMATION CONTINUED

Secondary Reporting – Geographical Segments

Segment revenues from sales to external customers:	
Asia	**86,963**
United States	**79,917**
Europe	**30,856**
Australia	**967**
	198,703

2001 – 18 MONTHS	CONSOLIDATED $000
Segment revenues from sales to external customers:	
Asia	136,516
United States	72,063
Europe	23,343
Australia	886
	232,808

All consolidated assets are in Australia.

(a) Accounting Policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the revised segment reporting accounting standard, AASB 1005 Segment Reporting, which has been applied for the first time in the year ended 31 December 2002. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different to the industry and geographical segments identified in previous years. The comparative information has been restated to present the information on a consistent basis with the current year's disclosures.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. Segment assets and liabilities do not include income taxes.

(b) Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

	CONSOLIDATED		THE COMPANY	
	2002 $000	18 MONTH PERIOD 2001 $000	2002 $000	18 MONTH PERIOD 2001 $000

28. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated 2002 $000	Consolidated 2001 $000	The Company 2002 $000	The Company 2001 $000
Operating profit after income tax	**21,185**	16,027	**21,200**	16,079
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current assets	**(143)**	(206)	**(153)**	(206)
Add/(less) non-cash items:				
Depreciation and amortisation	**39,050**	64,278	**38,891**	64,045
Net exchange differences	**265**	(157)	**265**	(157)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other debtors	**15,221**	(19,413)	**15,511**	(19,591)
(Increase)/decrease in other debtors	**–**	895	**–**	772
(Increase)/decrease in inventories	**16,233**	(13,546)	**16,150**	(13,463)
(Increase)/decrease in prepayments	**13,244**	(11,631)	**13,244**	(11,645)
(Decrease)/increase in trade creditors	**8,092**	(4,551)	**8,061**	(4,466)
(Decrease)/increase in provision for income taxes payable	**3,006**	(9,341)	**2,862**	(9,313)
(Decrease)/increase in net provision for deferred income tax liability and future income tax benefit	**(655)**	(3,244)	**(655)**	(3,244)
(Decrease)/increase in other provisions/liabilities	**(7,273)**	1,242	**(7,277)**	1,328
Net cash inflow provided by operating activities	**108,225**	20,353	**108,099**	20,139

(b) Non-cash financing and investing activities

During 2001 the Company fully repaid the uranium loan through inventory. There was no cash flow associated with the repayment of this inventory.

	CONSOLIDATED		THE COMPANY	
	2002 $000	2001 $000	2002 $000	2001 $000

29. FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit:

	2002 $000	2001 $000	2002 $000	2001 $000
Total facilities available:				
Bank overdrafts	**13,500**	1,500	**13,500**	1,500
Loan from related party	**71,429**	117,325	**71,429**	117,325
	84,929	118,825	**84,929**	118,825
Facilities utilised at balance date:				
Bank overdrafts	–	–	–	–
Loan from related party	–	76,000	–	76,000
	–	76,000	–	76,000
Facilities not utilised at balance date:				
Bank overdrafts	**13,500**	1,500	**13,500**	1,500
Loan from related party	**71,429**	41,325	**71,429**	41,325
	84,929	42,825	**84,929**	42,825

Bank Overdrafts

The bank overdrafts are unsecured and may be drawn at anytime. The bank overdrafts are payable on demand and are subject to annual review. The interest rate applicable at balance date was 8.0% p.a. (2001: 7.5% p.a.).

Loan From Related Party

The loan is unsecured and denominated in either Australian or United States dollars. This facility terminates in July 2003. The interest rate applicable at balance date was 5.24% p.a. (2001: 4.72% p.a.).

30. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates are as follows:

	2002 $000	2001 $000	2002 $000	2001 $000
United States dollars:				
Current – Receivables				
Trade debtors	**5,372**	–	**5,372**	–
Current – Accounts payable				
Accounts payable	–	–	–	–

	2002	2001
31. EARNINGS PER SHARE		
Basic and diluted earnings per share:	**$0.11**	$0.08

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 2002: 190,737,934 shares; (2001: 190,737,934 shares).

32. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2002	NOTE	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE INTEREST RATE % P.A.
Financial assets					
Cash	**6**	**24,812**	**–**	**24,812**	**4.7**
Receivables	**7**	**–**	**48,249**	**48,249**	
Deferred loss on hedge book	**16**	**–**	**77,743**	**77,743**	
Total		**24,812**	**125,992**	**150,804**	
Financial liabilities					
Borrowings	**13**	**–**	**–**	**–**	**4.7**
Accounts payable	**12**	**–**	**22,798**	**22,798**	
Dividends payable	**14**	**–**	**20,981**	**20,981**	
Foreign exchange hedge liability	**15**	**–**	**4,013**	**4,013**	
Hedge book liability	**16**	**–**	**77,743**	**77,743**	
Total		**–**	**125,535**	**125,535**	

2001	NOTE	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE INTEREST RATE % P.A.
Financial assets					
Cash	6	5,690	–	5,690	3.7
Receivables	7	–	63,438	63,438	
Foreign exchange hedge asset	9	–	3,368	3,368	
Receivable from rehabilitation trust fund	9	9,482	–	9,482	4.3
Total		15,172	66,806	81,978	
Financial liabilities					
Borrowings	13	76,000	–	76,000	4.7
Accounts payable	12	–	14,706	14,706	
Dividends payable	14	–	3,815	3,815	
Foreign exchange hedge liability	15	–	10,837	10,837	
Total		76,000	29,358	105,358	

(b) Foreign Exchange Risk

The consolidated entity derives most of its revenue in United States dollars and incurs most of its costs in Australian dollars.

The consolidated entity utilises a combination of forward exchange and currency options to protect against adverse exchange rate movements. Hedging gains and losses including option premiums are brought to account as part of the underlying transactions.

32. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES CONTINUED

(b) Foreign Exchange Risk (continued)

Hedging of net United States dollars (US$) exposure against the Australian dollar (A$)

		2002		2001	
	MATURITY	AMOUNT US$000	WEIGHTED AVERAGE RATE A$/US$	AMOUNT US$000	WEIGHTED AVERAGE RATE A$/US$
Forwards					
Sell US$/Buy A$	Less than 1 year	**31,000**	**0.61**	39,000	0.58
	1 to 5 years	**102,000**	**0.61**	111,000	0.61
	More than 5 years	**34,000**	**0.61**	56,000	0.60
	Total	**167,000**	**0.61**	206,000	0.60
Options					
Purchased US$ Put options	Less than 1 year	**18,000**	**0.70**	57,000	0.64
	1 to 5 years	**72,000**	**0.70**	72,000	0.70
	More than 5 years	**18,000**	**0.70**	36,000	0.70
	Total	**108,000**	**0.70**	165,000	0.68
Sold US$ Call options – Barrier (1)	Less than 1 year	**18,000**	**0.70**	48,000	0.65
	1 to 5 years	**72,000**	**0.70**	72,000	0.70
	More than 5 years	**18,000**	**0.70**	36,000	0.70
	Total	**108,000**	**0.70**	156,000	0.69
Sold “knock-in” call options (1)	Less than 1 year	–	–	9,000	0.64
	Total	–	–	9,000	0.64

32. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES CONTINUED

(b) Foreign Exchange Risk (continued)

Sold US$ call options - Barrier [1]

	2002		2001	
MATURITY	AMOUNT US$000	KNOCK-OUT RATE A$/US$	AMOUNT US$000	KNOCK-OUT RATE A$/US$
Less than 1 year	**18,000**	**0.76**	48,000	0.71
1 to 5 years	**72,000**	**0.76**	72,000	0.76
More than 5 years	**18,000**	**0.76**	36,000	0.76
Total	**108,000**	**0.76**	156,000	0.74

Sold "knock-in" call options [1]

Less than 1 year	–	–	9,000	0.69
Total	–	–	9,000	0.69

The net unrealised gains and losses on foreign currency hedges are:

		2002	2001
CURRENCY	MATURITY	UNREALISED HEDGE A$000	GAINS/(LOSSES) A$000
US$ hedges	Less than 1 year	**(11,368)**	(29,984)
	1 to 5 years	**(53,378)**	(76,621)
	More than 5 years	**(17,010)**	(36,244)
	Total	**(81,756)**	(142,849)

[1] *Certain sold US$ call options ("knock-out calls") will be cancelled should at any time during their term the A$/US$ rate exceed a predetermined rate.*

The valuation of these financial instruments detailed in this note reflects the estimated amounts which the consolidated entity would recognise in the profit and loss statement if the contracts were terminated or replaced as at the reporting date current market rate. The amounts ultimately recognised in the future will be determined with reference to the exchange rates prevailing at that time.

(c) Commodity Price Risk

The consolidated entity is exposed to uranium price risk. In the absence of uranium being traded on global futures exchanges, the consolidated entity uses a combination of both fixed and market price related contracts for future sales to manage this exposure.

(d) Credit Risk Exposures

Credit risk refers to the likelihood of a loss being incurred as a direct result of failure by a counterparty to perform as contracted. The consolidated entity manages its credit risks through the use of allocated counterparty limits based on independent agency ratings.

The credit risk exposure arising from derivative financial instruments is measured by the net fair value of the contracts (see section (e) below – Off Balance Sheet Financial Instruments).

The consolidated entity is not materially exposed to any individual customer. Material concentrations of credit risk on trade debts due from customers (on a basis of geographical location) are United States 44%, Europe 11%, and Asia 45%.

32. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES CONTINUED

(e) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

Net fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgable willing parties, other than in a forced or liquidation sale, net of transaction costs.

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

(i) On-Balance Sheet Financial Instruments

Short Term Instruments and Other Loans

The carrying amounts of cash, short term deposits, trade debtors, term debtors, other debtors, bank overdrafts, accounts payable, lease liabilities, employee share scheme loans, dividends payable and employee entitlements approximate net fair value.

Long Term Borrowings

Net fair value of floating rate loans is considered to approximate the carrying amount due to the frequency of interest rate re-setting. The fair value of fixed rate loans is determined on a mark-to-market basis.

(ii) Off-Balance Sheet Financial Instruments

The net fair value of off-balance sheet financial instruments is determined on a mark-to-market basis. This represents the estimated amounts at reporting date that the consolidated entity would have received (or paid) to terminate the contracts or replace the contracts at their current market rates at that date.

The net fair values of off-balance sheet financial instruments as at the reporting date are as follows:

	CONSOLIDATED	CONSOLIDATED
	NET FAIR VALUE ASSET/(LIABILITY) 2002 $000	NET FAIR VALUE ASSET/(LIABILITY) 2001 $000
Off-Balance Sheet Financial Instruments		
Hedges of foreign exchange exposure	–	(142,849)

For 2002, these amounts are no longer off balance sheet, refer Note 16.

33. ECONOMIC DEPENDENCY

A controlled entity, EWL Sciences Pty Ltd (EWLS), depends on Energy Resources Australia Limited (ERA) for a significant source of revenue. During the 2002 reporting period, 59% of EWLS revenue was derived from services provided to ERA.

34. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the consolidated entity in subsequent financial years other than in relation to the taxation case which is detailed in Note 4.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 24 to 53:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the directors.

B. F. Horwood

B.F. Horwood
Director

Melbourne
10 February 2003

Independent Auditors' Report

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Energy Resources of Australia (the Company) for the financial year ended 31 December 2002 included on Energy Resources of Australia's web site. The Company's directors are responsible for the integrity of the Energy Resources of Australia's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Opinion

In our opinion, the financial statements, set out on pages 24 to 53 and the Directors' Declaration:

- present a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Energy Resources of Australia Limited and the Energy Resources of Australia Limited Group (defined below) as at 31 December 2002 and of their performance for the year ended on that date
- are presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial statements for the year ended 31 December 2002 is the responsibility of the directors of Energy Resources of Australia Limited. It includes the financial statements for Energy Resources of Australia Limited (the Company) and for the Energy Resources of Australia Limited Group (the Group), which incorporates Energy Resources Australia Limited and the entity it controlled during the year ended 31 December 2002.

The auditor's role and work

We conducted an independent audit of the financial statements in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
10 February 2003

Shareholder Information

TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 28 February 2003

SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
RBC Global Services Australia Nominees Pty Limited	2,317,970
National Nominees Limited	1,519,989
JP Morgan Nominees Australia Limited	1,306,998
Citicorp Nominees Pty Limited	455,939
Cogent Nominees Pty Ltd	455,652
Citicorp Nominees Pty Ltd (CFS WSLE 452 Aust Share A/C)	358,455
Ganra Pty Ltd	240,000
Permanent Trustee Australia Limited	117,182
Mrs Geok Siew Lim	110,000
Queensland Law Foundation Pty Ltd	100,000
ANZ Nominess Limited	95,396
UBS Warburg Private Clients Nominees Pty Ltd	83,375
Caithness Consolidated Pty Ltd	80,000
Mr B H Daniels and Mrs J L Daniels (B H Daniels Super)	76,216
AG & GK Pty Ltd (AMC Super)	60,705
Ferngem Pty Ltd	58,106
Nandina Pty Limited	50,000
Mrs J M Tynan	49,921
Total of top twenty holdings	137,986,008

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 96.57 per cent.

Entitlement to Votes

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

DISTRIBUTION OF SHAREHOLDERS

as at 28 February 2003

(a) A Class Ordinary Shareholders

Equal to 74.90 per cent of the issued capital

NUMBER OF SHARES HELD	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1–1,000	5,432	87.35	1,101,093	0.77
1,001–5,000	588	9.45	1,510,677	1.06
5,001–10,000	110	1.77	860,893	0.60
10,001–100,000	78	1.25	2,060,494	1.44
100,001 and over	13	0.18	137,332,289	96.13
	6,219	100.00	142,865,446	100.00

(b) B Class Ordinary Shareholders

Equal to 14.46 per cent of the issued capital

SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED SHARES
Cameco Resources Australia Pty Ltd	12,294,348	44.59
UG Australia Developments Pty Ltd	7,982,576	28.95
Interuranium Australia Pty Ltd	3,776,989	13.69
Cogema Australia Pty Ltd	2,494,555	9.05
OKG Aktiebolag	1,025,000	3.72
	27,573,468	100.00

(c) C Class Ordinary Shareholders

Equal to 10.64 per cent of the issued capital

SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED SHARES
Japan Australia Uranium Resources Development Co Ltd	20,299,020	100.00
Total Issued Capital	190,737,934	100.00

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shares held as at 28 February 2003

A CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited*	65,042,208
B CLASS ORDINARY SHAREHOLDERS	**NUMBER OF SHARES HELD**
Cameco Resources Australia Pty Ltd	12,294,348
UG Australia Developments Pty Ltd	7,982,576
Interuranium Australia Pty Ltd	3,776,989
Cogema Australia Pty Ltd**	2,494,555
OKG Aktiebolag	1,025,000
C CLASS ORDINARY SHAREHOLDERS	**NUMBER OF SHARES HELD**
Japan Australia Uranium Resources Development Co Ltd	20,299,020

* *By a notice of change in interest of substantial shareholders dated 29 May 1992 received from North Limited, ERA was informed that North Limited has a relevant interest in all A Class ordinary shares held by Peko Wallsend Ltd and all the B Class shares and C Class shares on issue. The relevant interest is said to have arisen under an agreement and a series of instruments entered into by ERA with its shareholders between September 1980 and December 1981.*

** *By notice of change of interest of substantial shareholders dated 20 January 1992 received from Compagnie Générale Des Matières Nucléaires (COGEMA), ERA was informed that COGEMA has a relevant interest in all shares held by UG Australia Developments Pty Ltd, Interuranium Australia Pty Ltd and Cogema Australia Pty Ltd.*

Stock Exchange Listing

ERA A Class shares are listed on the exchanges of the Australian Stock Exchange Ltd.
The home exchange is Sydney.

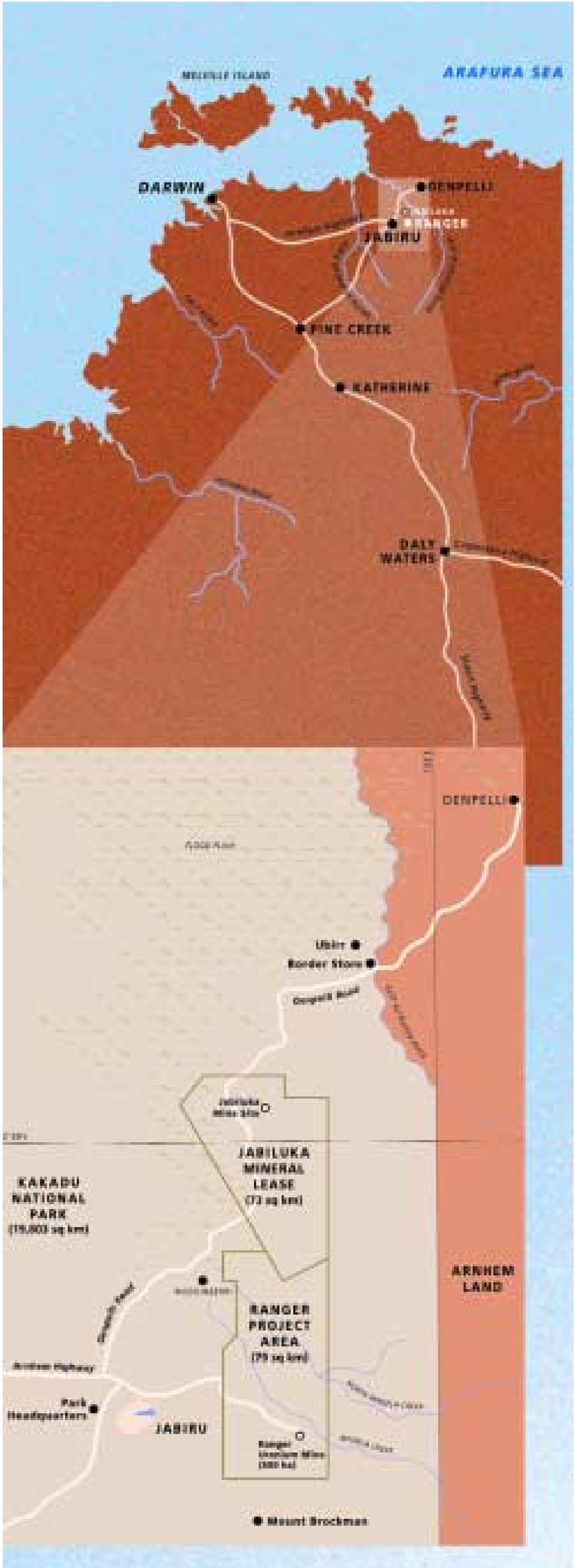
Ten-Year Performance

YEAR ENDED 30 JUNE	2002**	2001*	2000	1999	1998	1997	1996	1995	1994	1993
Sales Revenue ($000)	198,703	232,808	181,847	172,930	201,336	230,561	180,350	140,034	152,178	159,505
Earnings Before Interest and Tax ($000)	39,214	36,467	46,312	45,831	48,810	73,759	60,839	38,006	46,055	75,003
Profit Before Tax ($000)	36,675	29,652	44,280	43,152	47,617	71,572	58,560	35,424	44,281	72,528
Income Tax Expense ($000)	15,490	13,624	9,597	21,254	20,885	31,147	17,831	23,058	17,774	14,838
Profit After Tax ($000)	21,185	16,028	34,683	21,898	26,732	40,425	40,729	12,366	26,507	57,690
Total Assets ($000)	830,260	810,699	807,966	928,991	907,230	924,768	865,045	899,984	920,489	975,560
Shareholders' Equity ($000)	605,917	605,713	604,945	663,723	668,528	668,499	654,777	640,752	651,652	625,145
Long Term Debt ($000)	–	–	–	–	81,226	27,006	31,073	69,952	88,499	120,127
Current Ratio	2.2	1.3	1.0	1.4	3.5	1.4	2.2	2.1	2.3	2.0
Liquid Ratio	1.1	0.6	0.3	0.5	1.2	0.7	1.1	1.1	1.1	1.1
Gearing Ratio (%)	–	–	–	–	10.8	3.9	4.5	9.8	12.0	16.3
Interest Cover (times)	14.0	4.7	8.0	13.8	12.8	19.6	11.2	7.5	13.1	18.2
Return on Shareholders' Equity (%)	3.5	2.6	5.7	3.3	4.0	6.1	6.3	1.9	4.2	9.7
Earnings Per Share (cents)	11	8	18	11	14	21	21	6#	7	14
Dividends Per Share (cents)	11.0	8.0	49.0	14.0	14.0	14.0	14.0	252.5	–	–
Payout Ratio (%)	99	95	270##	122	100	66	66	1,758##	–	–
Share Price ($)	1.71	1.94	2.31	1.70	3.05	5.90	4.65	2.92	1.25	1.30
Price-Earning Ratio	15.4	23.1	12.8	14.8	21.8	27.8	21.8	45.6	19.2	9.2
Dividend Yield (%)	6.4	4.1	21.2##	8.24	4.6	2.4	3.0	86.5##	–	–
Net Tangible Assets per Share ($)	3.18	3.18	3.17	3.48	3.50	3.50	3.43	3.36	1.59	1.52
No. of employees	184	231	257	272	255	246	215	198	193	198
Profit After Tax per Employee ($000)	115.1	70.3	134.9	80.5	100.9	164.3	189.4	62.4	137.3	291.4
Ore Mined (million tonnes)	0.8	3.2	2.4	2.5	2.3	0.7	–	0.8	0.7	0.8
Ore Milled (million tonnes)	1.8	2.5	1.5	1.8	1.8	1.6	1.2	0.6	0.4	0.4
Mill Head Grade (% U_3O_8)	0.28	0.29	0.30	0.27	0.27	0.31	0.35	0.35	0.39	0.35
Mill Recovery (%)	89.7	90.6	91.6	91.1	86.8	85.5	85.1	82.9	85.7	90.6
Production (tonnes U_3O_8) – drummed	4,470	6,564	4,144	4,375	4,162	4,237	3,453	1,548	1,462	1,335
Sales – Ranger Concentrates (tonnes U_3O_8)	4,517	5,937	4,511	4,006	4,635	3,956	3,364	2,013	1,935	2,250
Sales – Other Concentrates (tonnes U_3O_8)	628	408	3	–	293	1,464	868	1,418	1,510	848
Sales – Total (tonnes U_3O_8)	5,145	6,345	4,514	4,006	4,928	5,420	4,232	3,431	3,445	3,098

* *Change of accounting period to 31 December year end (period of 18 months from 1 July 2000 – 31 December 2001)*
** *Calendar year 1 January to 31 December 2002*
\# *Based on reconstructed capital*
\#\# *Based on special dividend*

DEFINITION OF STATISTICAL RATIOS

Current Ratio	= current assets/current liabilities
Liquid Ratio	= (current assets-inventory-prepayments-foreign exchange hedge asset on borrowings)/(current liabilities-bank overdraft)
Gearing Ratio	= (long term debt + term creditors)/(shareholders' equity + long term debt + term creditors)
Interest Cover	= earnings before interest and tax/interest expense
Return on Shareholders' Equity	= profit after tax/average shareholders' equity
Earnings per Share	= profit after tax/weighted average number of shares issued
Dividends per Share	= dividends paid/number of shares issued
Payout Ratio	= dividends paid/profit after tax
Price-Earnings Ratio	= share price/earnings per share
Dividend Yield	= dividend per share/share price
Net Tangible Assets per Share	= net assets/number of shares issued



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MANAGEMENT

R Cleary	Chief Executive
M Coulter	General Manager – Strategic Planning
J Hughes	Chief Financial Officer and Company Secretary
C Kinnell	General Manager – Marketing
Dr A Milnes	General Manager – EWL Sciences Pty Ltd
S Prebble	General Manager – Operations
Auditors	PricewaterhouseCoopers

2002 ANNOUNCEMENTS

18 Oct 2002	Quarterly Production & Exploration Report to 30 September 2002 (unaudited)
24 Jul 2002	Half Year Results 2002
24 Jul 2002	Quarterly Production and Exploration Report to 30 June 2002 (unaudited)
03 Jul 2002	ERA commissions innovative energy audit
20 Jun 2002	ERA and the uranium industry Senate inquiry
04 Jun 2002	ERA to participate in Northern Territory Government review
23 Apr 2002	ERA to deliver better environmental systems
15 Apr 2002	Energy Resources of Australia Ltd Appoints New Chairman
15 Apr 2002	Quarterly Production and Exploration Report to 31 March 2002 (unaudited)
05 Apr 2002	ERA commits to improved environmental management systems
06 Feb 2002	Revision of Ranger Ore Reserve and Mineral Resource
30 Jan 2002	Full Year Results 2001
30 Jan 2002	Quarterly Production and Exploration Report to 31 December 2001 (unaudited)

Deatils of these announcements can be accessed at:
www.energyres.com.au/currentnews

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www.energyres.com.au