Energy Resources of Australia Ltd

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ASX Interim report – 30 June 2015

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 31 December 2014 financial report.

Contents

Directors' Report

for the half-year ended 30 June 2015

The Directors of Energy Resources of Australia Ltd (**ERA**) present their report together with the financial report of the company, for the half-year ended 30 June 2015.

Directors

The Directors of the company at any time during the half-year or since the end of the financial period were:

Name	***Period of Directorship***
Ms A Sutton	Appointed Chief Executive and Managing Director September 2013 Appointed Chair June 2015
Mr B Cox	Appointed November 2014
Ms J Farrell	Appointed June 2014
Mr P McMahon	Appointed November 2012 and appointed Chairman February 2013 Resigned June 2015
Dr H Garnett	Appointed January 2005 Resigned June 2015
Dr D Smith	Appointed January 2015 Resigned June 2015
Mr P Taylor	Appointed February 2007 Resigned April 2015
Mr J Pegler	Appointed July 2009 Resigned April 2015

Results for announcement to the market

A summary of revenues and results for the half-year is set out below:

				June 2015 $000	**June 2014 $000**
Cash flow from operating activities	**Up**	147%	to	14,127	(30,221)
Revenue from sales of uranium oxide	**Up**	2%	to	174,413	171,629
Revenue from ordinary activities	**Up**	4%	to	185,799	177,985
Loss from ordinary activities before tax attributable to members	**Up**	69%	to	(58,667)	(190,727)
Loss from ordinary activities after tax attributable to members	**Down**	101%	to	(255,339)	(127,201)
Net loss for the period attributable to members	**Down**	101%	to	(255,339)	(127,201)
Earnings per share (cents)	**Down**	101%	to	(49.3)	(24.6)

These financial results have been prepared in accordance with Australian Accounting Standards. All dollars in this report are Australian dollars, unless otherwise stated.

Review of operations

ERA generated positive cash flow from operating activities of $14.1 million for the half-year ended 30 June 2015. This compares to a cash out flow of $30.2 million for the half-year ended 30 June 2014. This improvement is the result of a focus on maximising cash flow from the production of uranium oxide from stockpiled ore, together with lower expenditure on exploration, evaluation and rehabilitation activities. ERA's net loss before tax was significantly improved at $58.7 million compared to $190.7 million in the half-year ended 30 June 2014.

ERA's net loss after tax for the half-year ended 30 June 2015 was $255.3 million compared with a net loss of $127.2 million for the same period in 2014. The net loss after tax for the half-year included a non-cash charge for the write-down of ERA's deferred tax asset of $196.7 million. Following ERA's announcement on 11 June 2015 that the Ranger 3 Deeps project will not proceed to Final Feasibility Study in the current operating environment, the Company considered that the criteria under Australian Accounting Standards for the recoverability of carried forward tax losses were no longer satisfied. As the write down is a non-cash item, it does not have any impact on cash flow or ERA's existing operations, nor will it impact the availability of tax losses in future periods.

Uranium oxide production for the period was 879 tonnes. This compares to zero uranium oxide production for the 2014 half-year (due to the suspension of processing operations following the failure of Leach Tank 1 on 7 December 2013).

Revenues from sales of uranium oxide remained stable, with $174.4 million for the period compared to $171.6 million for the June 2014 half-year. A decrease in sales volume was offset by marginally higher realised sales prices as well as by a weaker Australian/US dollar exchange rate.

Sales volume for the period was 1,245 tonnes, compared to 1,524 tonnes for the June 2014 half-year. Forecast sales in the second half of 2015 are expected to be broadly aligned to the first half of 2015.

The average realised sales price of uranium oxide for the June 2015 half-year was US$49.14 per pound compared with US$46.65 per pound for the corresponding period in 2014. For the 2015 half-year, the average long-term uranium price indicator was US$48.50 per pound and the average spot price was US$37.33 per pound, compared to US$46.75 per pound and US$31.95 per pound, respectively, for the same period in 2014.

As sales of uranium oxide are denominated in US dollars, the weakening of the Australian dollar has had a favourable impact on revenue when compared to 2014. The average Australian/US dollar exchange rate for the first half of 2015 was US77 cents compared to US91 cents in the first half of 2014.

Cash costs for the June 2015 half-year were substantially lower than the corresponding period in 2014. Reduced expenditure on purchased uranium oxide, which was required whilst operations were suspended in the first half of 2014, and reduction in expenditure on the Ranger 3 Deeps project were partially offset by higher expenditure on raw materials and consumables used in production.

Higher non-cash costs in the half-year to 30 June 2015 resulted from a full half-year of production.

Capital expenditure for the June 2015 half-year was $7.4 million compared to $5.9 million in the corresponding period in 2014. Capital expenditure in the June 2015 half-year relates to sustaining capital activities and construction of infrastructure associated with the Tailings and Brine Management system.

ERA had total cash at hand of $300 million at 30 June 2015 compared to $293 million on 31 December 2014.

Rehabilitation

Progressive rehabilitation of the Ranger Project Area continued during the first half of 2015. The dredging and maintenance vessels designed to transfer tailings from the Tailings Storage Facility to Pit 3 for final deposition have been transported to Ranger mine site with commissioning scheduled for the September 2015 quarter.

ERA and its major shareholder, Rio Tinto, are engaged in discussions regarding a conditional credit facility to assist ERA to fund its rehabilitation program, should additional funding ultimately be required. The facility remains subject to negotiation between ERA and Rio Tinto.

Since the start of 2012 ERA has spent $392 million on rehabilitation and water treatment projects for the Ranger and Jabiluka sites.

Exploration

There was no exploration expenditure for the half-year ended 30 June 2015. ERA suspended the final stage of the Ranger Project Area surface exploration program in 2015 in order to conserve cash.

Ranger 3 Deeps

On 11 June 2015 ERA announced that the Ranger 3 Deeps project would not proceed to Final Feasibility Study in the current operating environment. The decision was driven primarily by two key factors. First, the Board's view that the uranium market had not improved as ERA previously expected and there was uncertainty regarding the uranium market's direction in the immediate future. Secondly, having finalised and considered the Prefeasibility Study, the economics of the project required operations beyond the current Ranger Authority, which expires in 2021.

Discussions are continuing with the Northern Territory and Commonwealth Governments and the representatives of the Mirarr Traditional Owners regarding an extension to the Ranger Authority. ERA will continue to conserve cash until it has greater certainty in relation to the Authority extension. This will allow ERA to revisit the project's economics over time.

ERA announced on 10 July 2015 that it had updated the Ranger 3 Deeps mineral resource estimate as part of the Ranger 3 Deeps Prefeasibility Study.

The updated estimate has increased the mineral resource to 19.58 million tonnes with a change in the overall grade to 0.224 $\%U_3O_8$ equating to 43,858 tonnes of contained uranium oxide. This compares to the previously reported resource estimate of 12.2 million tonnes at 0.285 $\%U_3O_8$ equating to 34,761 tonnes of contained uranium oxide.

Economic assumptions relating to the cut-off grade of the mineral resource have been updated in line with the Prefeasibility Study assumptions. This has resulted in an improved mineral resource cut-off grade of 0.11 $\%U_3O_8$ compared with the previously reported cut-off grade of 0.15 $\%U_3O_8$.

The Ranger 3 Deeps geological model has been updated with all underground drilling data acquired to date. All estimation domains, including major faults and geological contacts, have been re-interpreted and refined based on the latest drilling data and appropriate adjustments to the mineral resource statement have been completed. There have been updates to the Measured, Indicated and Inferred categories of the resource estimate when compared to the previous resource estimate.

Dividends

ERA has decided not to declare an interim dividend in respect of the 2015 half-year. No final dividend was paid in respect to the 2014 financial year.

Outlook

In the near term, the uranium market remains challenging for producers. Spot prices have remained weak in the first half of 2015 as a result of oversupply in the market. The first restarts of nuclear generating units in Japan are anticipated to occur in the second half of 2015. If restarts occur, this may provide support to the near term outlook for uranium demand. At 30 June 2015, the spot price was US$36 per pound, whilst the long-term price indicator was US$46 per pound. The level of activity in the long term market is expected to remain low, as it was in 2014.

Whilst the price recovery continues to be slow, in part due to the delay in reactor restarts in Japan, the long term outlook is more favourable. Demand, particularly from construction of new generation capacity in China, is expected to exceed supply by the end of this decade.

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 Directors' Report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed at Brisbane this 30th day of July 2015 in accordance with a resolution of the Directors.

A Sutton

Ms A Sutton
Chair

Competent Person

The information in this announcement that relates to the Ranger 3 Deeps resource is sourced from ERA's announcement titled "Ranger 3 Deeps Resource Update" which was released to the market on 10 July 2015 and which can be found at: http://www.asx.com.au/asxpdf/20150710/pdf/42zqzvxf5cjyjq.pdf. The Competent Person for the release was geologist Greg Rogers. Neither the resource statement nor the underlying resource model has changed since the above estimated mineral resource was disclosed to ASX. ERA is not aware of any new information or data beyond the updates already provided to ASX that materially affects the mineral resource estimate.

All material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. ERA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Auditor’s Independence Declaration

As lead auditor for the review of Energy Resources of Australia Ltd for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
30 July 2015

	Notes	Half-year ended 30 June 2015 $'000	30 June 2014 $'000
Revenue from continuing operations	3	**185,799**	177,985
Changes in inventories		**(57,923)**	(145,885)
Purchased materials (uranium oxide)		**-**	(26,211)
Materials and consumables used		**(36,124)**	(24,005)
Employee benefits and contractor expense		**(67,535)**	(106,700)
Government and other royalties		**(9,313)**	(10,746)
Commission and shipping expenses		**(2,949)**	(1,548)
Depreciation and amortisation expenses		**(50,538)**	(29,878)
Financing costs		**(12,178)**	(15,787)
Statutory and corporate expenses		**(6,299)**	(5,481)
Other expenses		**(1,607)**	(2,471)
Profit/(loss) before income tax		**(58,667)**	(190,727)
Income tax benefit/(expense)		**(196,672)**	63,526
Profit/(loss) for the half-year		**(255,339)**	(127,201)
Other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income for the half-year		**(255,339)**	(127,201)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		**(255,339)**	(127,201)
		(255,339)	(127,201)
Total comprehensive income for the half-year is attributable to:			
Owners of Energy Resources of Australia Ltd		**(255,339)**	(127,201)
		(255,339)	(127,201)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	**(49.3)**	(24.6)
Diluted earnings per share	7	**(49.3)**	(24.6)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**30 June 2015 $'000**	31 Dec 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**300,276**	293,318
Trade and other receivables		**14,612**	11,232
Inventories	4	**101,801**	146,559
Other		**3,990**	1,392
Total current assets		**420,679**	452,501
Non-current assets			
Inventories	4	**72,655**	85,728
Undeveloped properties		**203,632**	203,632
Property, plant and equipment		**314,570**	358,485
Deferred tax assets	2	**-**	174,627
Investment in trust fund		**67,854**	66,751
Total non-current assets		**658,711**	889,223
Total assets		**1,079,390**	1,341,724
LIABILITIES			
Current liabilities			
Payables		**44,777**	55,621
Provisions	5	**30,991**	40,552
Income received in advance		**-**	14,911
Total current liabilities		**75,768**	111,084
Non-current liabilities			
Provisions	5	**491,309**	485,033
Deferred tax liabilities	2	**22,045**	-
Total non-current liabilities		**513,354**	485,033
Total liabilities		**589,122**	596,117
Net assets		**490,268**	745,607
EQUITY			
Contributed equity		**706,485**	706,485
Reserves		**389,918**	389,918
Retained profits		**(606,135)**	(350,796)
Total equity		**490,268**	745,607

The above balance sheet should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2015	**706,485**	**389,918**	**(350,796)**	**745,607**
Loss for the half-year	-	-	(255,339)	(255,339)
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the half-year	**-**	**-**	**(255,339)**	**(255,339)**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2015	**706,485**	**389,918**	**(606,135)**	**490,268**
Balance at 1 January 2014	**706,485**	**390,533**	**(162,996)**	**934,022**
Loss for the half-year	-	-	(127,201)	(127,201)
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the half-year	**-**	**-**	**(127,201)**	**(127,201)**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2014	**706,485**	**390,533**	**(290,197)**	**806,821**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Half-year ended	
	30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**174,892**	189,801
Payments to suppliers and employees (inclusive of goods and services tax)	**(141,386)**	(152,413)
Payments for exploration and evaluation	**(7,103)**	(41,685)
Payments for rehabilitation	**(14,953)**	(30,061)
	11,450	(34,358)
Interest received	**3,171**	4,424
Financing costs paid	**(494)**	(287)
Net cash inflow/(outflow) from operating activities	**14,127**	(30,221)
Cash flows from investing activities		
Payments for property, plant and equipment	**(7,408)**	(5,931)
Proceeds from sale of property, plant and equipment	**247**	-
Net cash outflow from investing activities	**(7,161)**	(5,931)
Net increase / (decrease) in cash and cash equivalents	**6,966**	(36,152)
Cash and cash equivalents at the beginning of the half-year	**293,318**	357,208
Effects of exchange rate changes on cash and cash equivalents	**(8)**	1
Cash and cash equivalents at end of the half-year	**300,276**	321,057

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

1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by Energy Resources of Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

ERA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing to rehabilitate and restore disturbed land to original condition.

The costs are estimated on the basis of a closure model, taking into account considerations of the technical closure options available to meet ERA's obligations. The cost estimates are reviewed annually during the life of the operation to reflect known developments.

The ultimate cost of rehabilitation is uncertain and can vary in response to many factors such as legal requirements, technological change and experience at other operations. To the extent that ERA's future estimates of the rehabilitation costs are different to those currently estimated, ERA will adjust the provision for rehabilitation costs to reflect additional knowledge obtained. Further information with regard to funding of the rehabilitation provision is discussed in Note 8.

Taxation

Judgment is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgments and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

At the year ended 31 December 2014, ERA recognised certain deferred tax assets for temporary differences and recoverable losses carried forward. In recognising these deferred tax assets assumptions were made regarding the Company's ability to generate future taxable profits, including from development of the Ranger 3 Deeps underground mine. For the half-year to 30 June 2015, ERA has recorded a non-cash charge for the write down of ERA's deferred tax asset of $196.7 million. Following ERA's announcement on 11 June 2015 that the Ranger 3 Deeps project will not proceed to Final Feasibility Study in the current operating environment, the Company considers that the criteria under Australian Accounting Standards for the recoverability of carried forward tax losses are no longer satisfied.

As the write down is a non-cash item, it does not have any impact on cash flow or ERA's existing operations, nor will it impact the availability of tax losses in future periods. ERA will continue to consider this over time.

Asset carrying values

At the end of each reporting period, ERA assesses whether there are any indications that the Company's cash generating units ('CGU') may be impaired. This requires judgment in analysing possible impacts caused by factors such as weather, traditional owner relationships, operating and capital estimates, project progression, price of uranium oxide and foreign exchange movements and forecasts. At 30 June 2015, ERA conducted impairment testing on the Ranger CGU and concluded that, after writing down ERA's deferred tax assets, no further impairment is present.

ERA has assessed the recoverable amount based on the greater of fair value less costs of disposal and value in use. The Company conducts impairment testing using a probability weighted discounted cash flow model. The financial modelling includes assumptions on the development of the Ranger 3 Deeps mine within and beyond the current Authority. Historically, the Company has assigned a high probability to the future development of Ranger 3 Deeps. The probability has been reviewed and substantially reduced in light of recent developments on the project.

The fair value less costs of disposal method under Australian Accounting Standard 136 centres on determining the fair value of the Company's CGUs being the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. In this context, ERA considers that the fair value of the Ranger CGU includes option value for the Ranger 3 Deeps project on the basis that it is possible that the Ranger 3 Deeps mine is able to be developed in the future subject to achieving an Authority extension. This assessment represents a substantial reduction in the probability of pursuing development of Ranger 3 Deeps relative to the assessment performed at 31 December 2014 where a high probability was assigned.

If development of Ranger 3 Deeps was not to occur, the Ranger CGU would face impairment to a significant proportion of the property, plant and equipment.

When assessing recoverable amounts, ERA makes estimates and assumptions which are subject to risk and uncertainty. Changes in circumstances may affect these estimates and the recoverable amount.

The recoverable amount is sensitive to key assumptions including: uranium price, Australian/US dollar exchange rate, discount rate, ERA's ability to secure an extension to the Ranger Authority and other approvals.

If the carrying values of the assets are assessed to be impaired, the impairment would be charged against the income statement.

Undeveloped Properties

Undeveloped properties are considered as assets not yet ready for use. The recoverable amount of the undeveloped properties is determined using the fair value less costs of disposal method. When annual impairment analysis is performed, fair value less costs of disposal is determined using a discounted cash flow model.

Undeveloped Properties consist of the Jabiluka mineral lease. Key assumptions to which the Jabiluka model is sensitive include: uranium price, foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources and lease tenure renewal.

The Jabiluka mineral lease is currently subject to a Long Term Care and Maintenance Agreement with traditional owners. This agreement ensures the Jabiluka deposit will not be developed without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

Inventory net realisable value

The calculation of net realisable value is sensitive to key assumptions about the future including: uranium price, Australia/US dollar exchange rate and where applicable costs to complete. The sales price of uranium oxide is denominated in US dollars, so fluctuations in the Australia/US dollar exchange rate will affect the proceeds received from sales and consequently the recoverable amount.

At 30 June 2015, a $23.9 million (pre-tax) negative adjustment was made to finished goods inventory and a $6.0 million (pre-tax) negative adjustment to work in progress inventory to record it at its net realisable value. The net realisable value adjustment has been included in 'Changes in inventory' in the statement of comprehensive income.

ERA incorporates certain non-cash costs in the basis of calculation of the cost of inventories at the reporting date, in accordance with Australian Accounting Standards. As a result, whilst continued processing of stockpiles was a cash generative activity in the half-year to 30 June 2015, the inclusion of non-cash costs in reporting the cost of ERA's inventories is a contributory factor in the write-down of inventories to net realisable value at 30 June 2015.

3 Segment information

Description of Segment

Management has determined the operating segment based on the reports reviewed by the Chief Executive that are used to make strategic decisions.

The Chief Executive considers the business from a product prospective and has identified only one reportable segment in the half-year ended 30 June 2015, being the mining, processing and selling of uranium. There are no other unallocated operations.

Segment Revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the income statement.

Revenues from customers are derived from the sale of uranium oxide. Segment revenue reconciles to total revenue from continuing operations with the addition of other income, which includes interest revenue and rent received.

ERA is domiciled in Australia. The result of its revenue from customers is outlined in the table below:

	Half-year ended	
	30 June 2015 $'000	30 June 2014 $'000
Sales to customers		
Asia	**174,413**	89,374
Africa	**-**	1,787
United States	**-**	71,800
Europe	**-**	8,668
Total Sale of Goods	**174,413**	171,629
Other revenue	**11,386**	6,356
Total revenue from continuing operations	**185,799**	177,985

	30 June 2015 $'000	31 Dec 2014 $'000

4 Inventories

(a) Inventories – current

	30 June 2015 $'000	31 Dec 2014 $'000
Stores & spares	**19,878**	19,787
Ore stockpiles at cost	**33,178**	35,835
Work in progress at NRV	**1,234**	710
Finished product U_3O_8 at NRV	**47,511**	90,227
Total current inventories	**101,801**	146,559

(b) Inventories – non-current

	30 June 2015 $'000	31 Dec 2014 $'000
Ore stockpiles at cost	**72,655**	85,728

5 Provisions

	30 June 2015 $'000	31 Dec 2014 $'000
(a) Provisions - current		
Employee benefits	**9,569**	9,345
Rehabilitation	**21,422**	31,207
Total current provisions	**30,991**	40,552
Movement in current rehabilitation provisions		
Carrying value at the start of the year	**31,207**	
Payments	**(14,953)**	
Transfers from non-current provision	**5,168**	
Carrying amount at the end of the half-year	**21,422**	
(b) Provisions – non-current		
Employee benefits	**3,955**	4,188
Rehabilitation	**487,354**	480,845
Total non-current provisions	**491,309**	485,033
Movement in non-current rehabilitation provisions		
Carrying value at the start of the year	**480,845**	
Unwind of discount	**11,677**	
Transfers to current provision	**(5,168)**	
Carrying amount at the end of the half-year	**487,354**	

6 Contingencies

Legal actions against ERA

Unresolved legal action commenced (in 1999) by the Mirarr Traditional Owners 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 this legal dispute.

7 Earnings per share

	Half-year ended	
	30 June 2015 Cents	30 June 2014 Cents
Basic earnings per share	**(49.3)**	(24.6)
Diluted earnings per share	**(49.3)**	(24.6)

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share. 2015: 517,725,062 (2014: 517,725,062).

8 Liquidity and capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The future liquidity and capital requirements of the Company will depend on many factors. Based on current assumptions including foreign exchange rate, prices, costs, resource and mining techniques, ERA is likely to require capital at a future date should Ranger 3 Deeps be developed. Likewise, if the Ranger 3 Deeps mine is not developed, in the absence of any other successful developments, the Company may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area.

Any inability to obtain sufficient capital would have a material impact on the Company's business and financial performance. Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by the Company into the Ranger Rehabilitation Trust Fund is then delivered. The Trust Fund includes both cash and financial guarantees.

The Company's ability to access financial guarantees can be influenced by many factors including future cash balance, cash flows and shareholder support. Guarantees are generally renewed annually and fall due at different times and for different values. Guarantees are provided by major financial institutions; one has been renewed since balance date with the others falling due for renewal between August and November 2015. Should renewal or replacement of any individual guarantee not occur, additional cash would be required to be deposited into the Trust Fund. In the scenario where this occurs the Company's cash flow available to fund operations would reduce. The Company has plans in place to address these risks.

ERA and its major shareholder, Rio Tinto, are engaged in discussions regarding a conditional credit facility to assist ERA to fund its rehabilitation program, should additional funding ultimately be required. The facility remains subject to negotiation between ERA and Rio Tinto.

9 Events occurring after the reporting period

No events or circumstances have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations or state of affairs of the company in subsequent financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Energy Resources of Australia Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A Sutton

Ms A Sutton
Chair
Brisbane
30 July 2015

Independent auditor's review report to the members of Energy Resources of Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Resources of Australia Ltd (the Company), which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Resources of Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Resources of Australia Ltd is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

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John O'Donoghue
Partner

Melbourne
30 July 2015