

**ERA****Energy Resources of Australia Ltd**

ABN 71 008 550 865

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**Media Release and  
ASX Announcement**

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30 January 2009

**FULL YEAR RESULTS 2008**

	Year ended 31 December 2008	Year ended 31 December 2007	Change
Revenue – sales of uranium oxide (\$ million)	495.6	356.5	+39%
Revenue – total (\$ million)	691.7	362.4	+91%
Earnings before interest and tax (\$ million)	318.0	108.0	+194%
Underlying earnings (\$ million)	119.0	76.1	+56%
Net profit after tax (\$ million)	221.8	76.1	+191%
Total dividends (cents per share)	28.0	20.0	+40%
Uranium oxide			
- production (tonnes drummed)	5,339	5,412	
- production (thousand pounds drummed)	11,771	11,931	-1%
Uranium oxide			
- sales (tonnes)	5,272	5,324	
- sales (thousand pounds)	11,663	11,737	-1%

**Review of operations**

ERA's net profit after tax for the full year ended 31 December 2008 was a record \$221.8 million, compared with \$76.1 million for the same period in 2007. Earnings before interest and tax (EBIT) were \$318.0 million (2007: \$108.0 million).

Underlying earnings of \$119.0 million was also a record.

As reported on 23 December 2008, ERA received a substantial settlement from its insurers in December 2008, settling all claims for the impact on ERA's operations, cashflows and financing position in 2006 and 2007 of the significant property damage and interruptions to business caused by the acid plant failure and Cyclone Monica in 2006 and the extreme rainfall event in late February 2007.

ERA incurred foreign exchange losses on repayment of the finance facility established in response to these events, due to the weakening of the Australian dollar over the period of the drawdown.

**Reconciliation of net earnings to underlying earnings**

<i>All after tax figures in \$ million</i>	2008	2007
Profit for the year	221.8	76.1
Non-recurring income/(expenses)		
Insurance recoveries	131.4	
Exchange gains/(losses) on US dollar debt	<u>(28.6)</u>	
Total excluded from underlying earnings	<u>102.8</u>	
Underlying earnings	<u>119.0</u>	<u>76.1</u>



Sales of uranium oxide for the year were 5,272 tonnes (2007: 5,324 tonnes). Revenue from the sale of uranium oxide for the year was \$495.6 million (2007: \$356.5 million), while total revenue rose to \$691.7 million (2007: \$362.4 million).

ERA's contractual sale price is only partially influenced by the current market prices due to its diversified and long term sales contract portfolio. The average realised sale price of uranium oxide was US\$32.53 per pound (2007: US\$25.06 per pound). On 31 December 2008 the spot market price was US\$52.50 per pound (2007: US\$89.50 per pound).

Approximately 40 per cent of ERA's sales were made in the fourth quarter of 2008. This, and the strengthening of the US dollar against the Australian dollar in the last three months of 2008 resulted in a favourable effective exchange rate of 79.3 cents for the year against 85.5 cents for 2007. The difference in effective exchange rates, along with the pre-tax hedging gain of \$18.5 million (2007: \$12.9 million), increased revenues from the sale of uranium oxide by \$40.4 million when compared with 2007. All remaining forward exchange contracts were exercised in January 2009. No new currency exchange contracts were entered into during the year.

Production in 2008 of 5,339 tonnes was in line with production from the previous year (2007: 5,412 tonnes). The 2008 annual production is the third highest annual production on record for the Ranger mine.

While revenues rose as a consequence of the rise in the average realised sale price, this was partially offset by a rise in employee and contractor expenses and raw materials and consumables costs. Employee and contractor costs were up primarily due to the expansion of mining and the additional expenditure on exploration and evaluation projects. Raw materials and consumables increases were primarily due to the increased price of diesel, lime and manganese dioxide, as well as increased usage of sulphuric acid due to a change in ore characteristics.

Capital spending rose in 2008 to \$166.8 million (2007: \$92.9 million) as a result of the investments in projects including the pit expansion, radiometric sorting plant, laterite plant, tailings dam lift, new tailings deposition system and a new water treatment plant facility.

### **Exploration and Evaluation**

During the year ERA invested a pre-tax amount of \$29 million on exploration and evaluation and this was expensed to the profit and loss account. ERA's exploration program has resulted in the discovery of a very significant ore body in Ranger 3 Deeps. Work in and around the current pit has also yielded further increases in resources through the lowering of the cut-off grade. Ranger's current reserves and resources of 159 thousand tonnes of contained uranium exceed by over 50% ERA's total production from inception to date.

### **Dividends**

ERA Directors have declared a final dividend for the year of 20 cents per share, fully franked at 30 per cent. The ex-dividend date will be 9 February 2009. The dividend will be paid to shareholders on the register at the close of business on Friday 13 February 2009 and will be paid on Friday 27 February 2009. An interim dividend of 8 cents per share (2007: nil) was paid on 9 September 2008 bringing the total dividends payable to shareholders for the 2008 year to 28 cents per share, fully franked (2007: 20 cents per share).

### **Outlook**

ERA expects sales tonnes in 2009 to be slightly higher than in 2008, possibly accompanied by a modest replenishment of inventory.

Initial production from the laterite and radiometric sorting plants will occur in 2009. In the next six months, it is expected that the prefeasibility study will be concluded into the development of a heap leach facility to enable extraction of 15,000 to 20,000 tonnes of uranium oxide contained in low grade mineralised material, both in situ and on stockpile.



Studies are also continuing on the Ranger 3 Deeps target, and it is likely that the target mineralisation would need to be accessed by an underground decline for further exploration and evaluation. Based on current projections, ERA has sufficient cash on hand to take the expansion studies to a bankable feasibility level without recourse to further financing.

In 2008, ERA completed an expansion of the water treatment plant to increase by over 100 per cent the capacity of the plant to treat pond water. Modifications to the process water circuit of this plant are underway and treatment of process water is expected to commence in the first half of 2009. Studies are well advanced to examine options to further increase treatment rates of process water and are likely to result in the construction of further water treatment facilities.

In summary, the outlook for uranium mining appears positive. ERA continues to position itself to benefit from this by seeking opportunities to add value by expanding, extending and accelerating output.

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For further information on the company's activities please access ERA's website at  
<http://www.energyres.com.au>