

ENERGY RESOURCES OF AUSTRALIA LTD

ANNUAL REPORT 1986



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FINANCIAL HIGHLIGHTS

Result in \$'000	1986	1985	1984	1983	1982*
Revenue	222 513	233 779	246 136	261 178	145 992
Profit before tax	98 415	109 852	113 021	113 362	45 579
Income Tax Expense	47 991	53 395	55 534	55 969	7 721
Profit after tax	50 424	56 457	57 487	57 393	37 858
Earnings per share	12.3 cts	13.8 cts	14.0 cts	14.0 cts	9.2 cts
Dividend	10.0 cts	10.0 cts	12.5 cts	10.0 cts	4.0 cts
Total Assets	883 608	927 487	941 128	943 226	953 880
Issued Capital	410 000	410 000	410 000	410 000	410 000
Capital and Reserves	489 469	480 045	464 588	458 351	434 458

*for 9 months only to 30 June 1982

OPERATIONAL HIGHLIGHTS

Further upgrading of mine equipment during the year included the purchase of four 77 tonne rear dump trucks and two 165 mm drill rigs.

Due to lower than expected rainfall and the extension of irrigation systems there are no problems foreseen with excess water in the Restricted Release Zone.

Two new contracts signed with utilities in the United States provide a further step towards the expansion of production.

The Company's loans were renegotiated with a syndicate of 16 international banks.

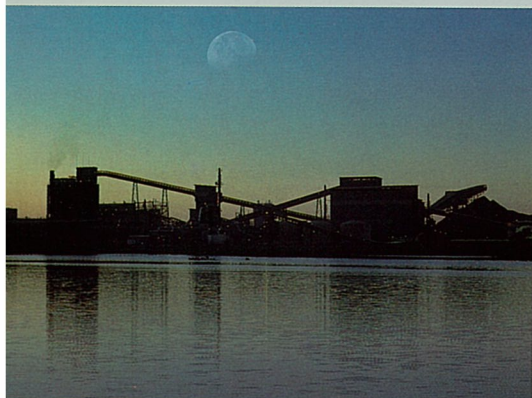
Lost-time accident frequency was reduced by 30 %.

Notice of Meeting

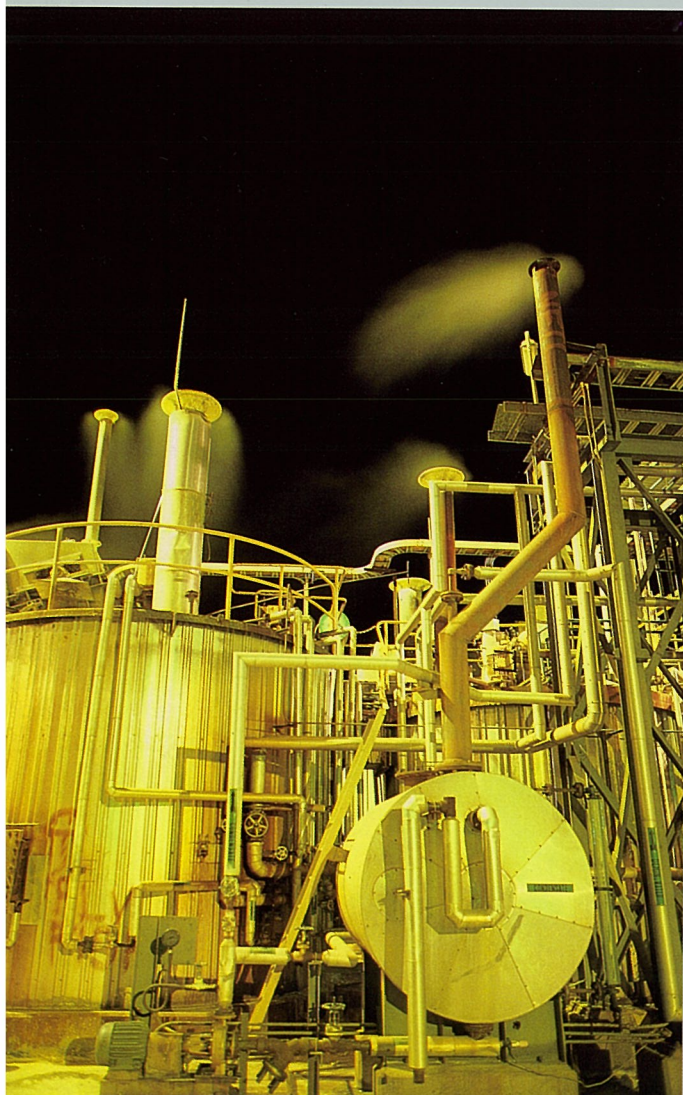
This report is to be presented at the Annual General Meeting of members of Energy Resources of Australia Ltd (E.R.A.) in the AMP Auditorium, Cnr Alfred and Phillip Streets, Sydney, at 10 am on 22 October 1986. A Notice of Meeting and Proxy Form is enclosed.

This year's supplemental booklet in the series about the nuclear fuel cycle, has as its subject 'Towards Safe Disposal of Spent (Ranger) Uranium Fuel'. It describes the international and national measures taken to ensure that high-level radioactive waste will not affect man or his environment, now or in the future.





Views of the Mine and its Environment.
From top left-hand corner, clockwise:
The ore processing plant across one
of the retention ponds;
The primary gyratory crusher;
Aboriginal women collecting water
lilies for food;
The acid plant by night, and centre
Security at the mine entrance.



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

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

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

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

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

Dr E Miller is a mining engineer and was appointed a Director of E.R.A. in July 1986 to fill the casual vacancy created by the retirement of Mr G B Lean. He is Group Executive of the Metalliferous Mining and Exploration Division of Peko-Wallsend Ltd. He is also Chairman of Rutile and Zircon Mines (Newcastle) Pty Ltd.

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

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

Secretaries

K B Lewington
R G Kemp

Chief Executive

B G Fisk

General Managers

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

Managers

G B Allen *Administration and Finance*
J G Allen *Commercial*
R A Cleary *Operations*
J W Farthing *Development*
K S Freyberg *Treasurer*
P E McNally *Environment*
L T Nicholls *Planning*
P J Shirvington *Marketing*

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Auditors

Coopers & Lybrand

Bankers

Commonwealth Bank of Australia
Westpac Banking Corporation



The Marketing Division has continued its efforts in the United States, Japan, the Republic of Korea and several European countries, with which Australia has bilateral safeguards agreements. A further two long-term contracts were signed with utilities in the United States and encouraging negotiations have continued with other utilities there and in Europe.

The nuclear reactor accident at Chernobyl in the Soviet Union is not expected to affect any of E.R.A.'s long-term uranium supply contracts. It is clear that countries which are committed to nuclear power as a major energy source for generating electricity will continue their programmes. Understandably, there will be even greater attention to safety measures and safety reviews, but it appears unlikely that any plants will be closed down through pressure from the anti-nuclear lobby at this stage. The generation of electric power by nuclear means is extremely safe and I remain confident that it will continue to increase as a proportion of total electric power generation.

At the mine site, engineering design for an expansion of production capacity is progressing according to plan. Present projections of demand indicate that an increase to 4 500 tonnes per annum will be required later in this decade with further expansion to 6 000 tonnes per annum shortly thereafter.

I am pleased to report that the excess water problem of last year has now been contained. Rainfall during the wet season was lower than expected, being only 77% of average and, together with the extension of irrigation areas, it was unnecessary to release water from the Restricted Release Zone (RRZ). Such releases will be required occasionally in the future, however, to handle extreme weather conditions.

Discharge of water from No. 4 retention pond, which is outside the RRZ, was accomplished in cooperation with the Supervising Authorities. The water contained no hazardous chemicals and the radioactive content was at levels similar to those in the natural waters of the region. Very adequate analytical control measures are in place to ensure that such releases can have no effect on the environment.

Following a claim by site unions, which clearly lies outside the national wage guidelines, a campaign of industrial disruption commenced, focusing on health and safety matters and using alleged instances as an excuse for work stoppages. In March award employees staged a strike for a three-week period and returned to work only after agreement had been reached before the Australian Conciliation and Arbitration Commission that an inspector be appointed to examine health and safety procedures and practices at Ranger.

A considerable amount of attention has continued to be given to health and safety at Ranger. Education programmes, reviews of procedures and other action have produced improvements in this important area. Radiation exposure of employees is well below limits set in the code of practice for radiation protection in mining and milling. With respect to occupational health and safety, personnel at Ranger are to be congratulated on a 30% reduction in the lost time accident frequency. Eight of the twenty-two work groups lost no time due to injury during the year under review.

A substantial change was made to the Company's funding facilities during the year. The original borrowings, raised in 1980, were on a project basis. With the successful completion of the project and subsequent operations it became apparent that the borrowings could be re-financed to reduce the annual funding cost and to eliminate a number of provisions which were no longer appropriate. The new facility, with a syndicate of 16 international banks, achieves cost savings and will provide greater flexibility for the future.



After the end of the financial year, Mr George Lean retired as a Director of your Company. As Chief Executive and later Chairman of Peko-Wallsend Ltd, George Lean played a major part in bringing the Ranger project through its difficult early period and in the formation of E.R.A. We thank him for this and for his contribution as a director of E.R.A. in more recent years. The casual vacancy created by his retirement was filled by Dr Ernest Miller, Group Executive of the Metalliferous Mining and Exploration Division of Peko-Wallsend Ltd.

Mr Lucas Mueller, the Director representing the 'B' Class Shareholders has advised me that he intends to resign from the Board of E.R.A. in September to be able to devote more time to the affairs of his own group of companies. The 'B' Class Shareholders will therefore appoint Dr Volker Klix, Managing Director of Rheinbraun Australia Pty Limited, to take his place.

I would like to place on record the considerable debt which your Company owes Mr Mueller, who was instrumental in securing German equity participation in the Company in 1980. Since the Company's flotation he has represented the German and latterly the Swedish shareholders on the Board. He has always acted in the best interests of all shareholders and his contribution as a member of the Board will be missed.

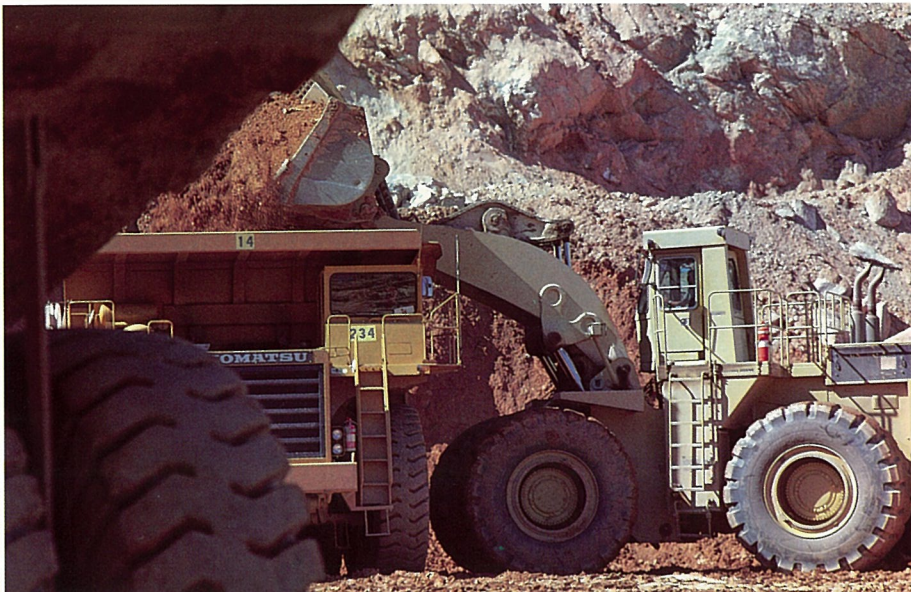
I would also like to take this opportunity of thanking all employees of E.R.A. and its subsidiary, Ranger Uranium Mines Pty Ltd, for their contribution to this year's results.

A. L. Morokoff

A L Morokoff
CHAIRMAN



Irrigation within the RRZ is extensively used to control dust and promote plant growth thereby maintaining the attractive appearance of the site.



The increased capacity of the new rear dump trucks will facilitate further deepening of the pit.

The Directors of Energy Resources of Australia Ltd (E.R.A.) submit the accounts and Group accounts for the financial year ended 30 June 1986 and report as follows:

Trading Result

Net consolidated profit after tax for the year was \$50 424 000 compared with \$56 457 000 in 1985. The amount provided for income tax during the year was \$47 991 000 (1985: \$53 395 000).

Sales tonnage for the year, 2 810 tonnes, was higher than the amount for the previous year, 2 682 tonnes, but prices were lower. During the first three years of deliveries under the contracts with shareholder-related customers, prices escalated from a base of US\$38 per pound U_3O_8 . As from 1 January 1985, prices have been determined annually by reference to long-term market prices but may not be lower than a floor price set by the Australian Government. That floor price is now the effective price for most deliveries made from Ranger. Sales revenues for the year totalled \$222.5 million (1985: \$233.8 million). Production for the year was 3 067 tonnes U_3O_8 (1985: 3 037 tonnes), which increased the stock of U_3O_8 to 1 717 tonnes.

Interest paid, \$37.099 million, was substantially lower than \$47.454 million in the previous year as a result of lower overseas interest rates and the reduction of borrowings. Interest received, \$10.355 million (1985: \$9.195 million), reflects the high level of interest rates in Australia during the year.

In January 1986, the Company entered into an extended funding facility for US\$210 million with a syndicate of 16 international banks. The facility was arranged by the Commonwealth Bank of Australia in conjunction with Credit Suisse First Boston Ltd. It includes Euronote underwriting, letters of credit and guarantees. The facility is on an unsecured negative pledge basis and has a syndicate of 16 international banks. It provides interest cost savings and reduces over the period to June 1994. Funds raised under the new facility have been used to repay the secured Euro-currency loan of US\$250 million, which was raised in 1980 and which had been reduced to US\$125 million.

Dividend

A dividend of \$20 500 000 was paid on 30 May 1986 and the Directors have declared a further dividend of \$20 500 000 payable on 28 November 1986. This amount has been included in the accounts for the year.

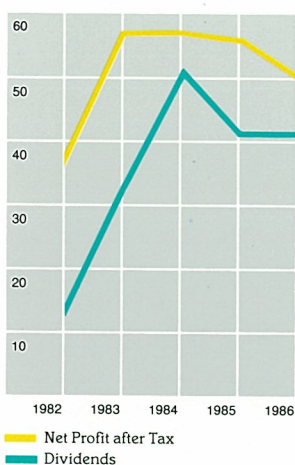
Other than these dividends and that of \$20 500 000, which was provided for in the accounts of the previous year and which was subsequently paid, no other amounts have been paid or declared by way of dividend since the end of the previous financial year.

Principal Activities

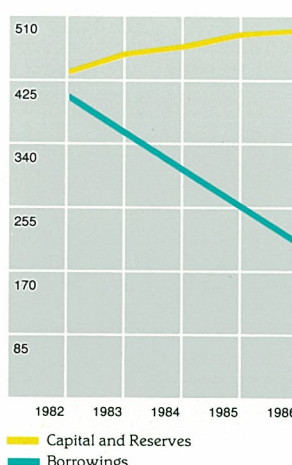
The principal activities of E.R.A. and its subsidiaries in the course of the financial year were the mining, processing and sale of uranium. There was no significant change in the nature of those activities during the financial year.

One of the two new drill rigs operating in the open pit: 165 mm holes are drilled in preparation for blasting. An average blast breaks 20 000 tonnes of material.

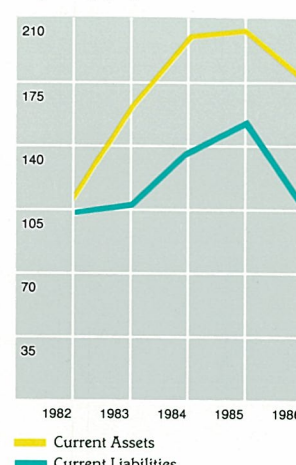
Profit and Dividends (\$m)



Capital and Reserves (\$m)



Liquidity (\$m)



The new 77 tonne trucks haul material from the pit to the radiometric discriminator where the destination of the load, to waste, to a particular stockpile or direct to the primary crusher, is determined.

Material totalling 4.7 million tonnes was moved from the pit this year. One and a half million tonnes were ore which was either processed or stockpiled.



REVIEW OF OPERATIONS

Mining

Mining of the No. 1 Orebody continued. The depth of the open pit is now 59 metres. Benches to level 4 are 7 metres high. Below this level, benches are being formed at a height of 10 metres, which will facilitate drilling, blasting and maintenance.

Of the 4.70 million tonnes of material extracted from the pit this year, 1.48 million tonnes were ore which was either processed or stockpiled. Low-grade mineralized material above 0.023% U_3O_8 and below the cut-off grade amounted to 0.89 million tonnes and was stockpiled. Rockfill suitable for tailings dam construction amounted to 0.74 million tonnes, of which 0.62 million tonnes were below 0.023% U_3O_8 and 0.12 million tonnes between 0.023% and 0.05% U_3O_8 . Use of slightly mineralised material in the dam construction considerably increases the availability of suitable construction material and presents no hazards to the environment. Waste amounted to 1.59 million tonnes. Reclaim from stockpiles amounted to 0.61 million tonnes and a total of 1.06 million tonnes of ore was processed in the mill.

In the first four months of the year, mining largely provided rock for tailings dam construction. Once sufficient material for Stage III of the tailings dam construction was stockpiled, mining of ore for processing was resumed.

The mine equipment fleet was further upgraded during the year. This will permit deepening of the pit and extension of stockpiles while maintaining an increased mining rate. Four 77 tonne rear dump trucks (Komatsu 785) and two 165 mm single pass drill rigs (Ingersoll-Rand DM 25 SP) were acquired, replacing four of the 50 tonne Terex trucks and the two 115 mm Atlas Copco drill rigs. Further mine equipment replacements are planned as production requirements increase.

Deepening of the pit was hampered by the presence of excess water resulting from Cyclone Gretel in April 1985. Since that time, the volume of excess water has been greatly reduced (see 'Water Management') and this problem is unlikely to recur.

Ore Resource

Changes in the ore resource during the year were caused by depletion through treatment in the plant and minor re-assessments of the in-situ ore resource following redesign of the pit with 10-metre benches and relocation of the main haul road.

Geological Ore Reserves and Stockpiles

			1 July 1986	1 July 1985
	Tonnes of Ore	% U_3O_8	Tonnes contained U_3O_8	Tonnes contained U_3O_8
No. 1 Orebody at 0.10% cut-off				
Ore Stockpiles	2 218 000	0.308	6 834	5 730
Proven ore	9 650 000	0.328	31 652	36 172
Probable ore	224 100	0.147	329	329
Total No. 1 Orebody	9 874 100	0.324	31 981	36 501
Total ore	12 092 100	0.321	38 815	42 231
No. 3 Orebody at 0.05% cut-off				
Probable ore	35 210 100	0.207	72 838	72 838
Possible ore	7 498 000	0.163	12 213	12 213
Total No. 3 Orebody			85 051	85 051

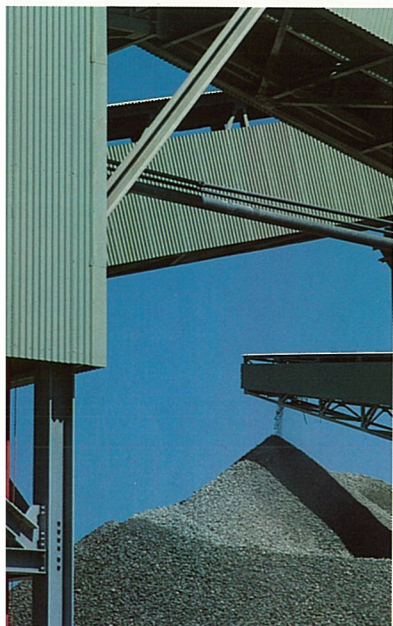
Milling

Good metallurgical recoveries continued in 1985/86 with 92.0% achieved, in line with the budget figure.

The production of 3 067 tonnes of U_3O_8 was in accordance with plan. Despite production losses due to minor mechanical problems and industrial action, the treatment plant was able to make up the shortfall in the second half of the year.

Engineering studies are being conducted to identify equipment requirements for the increase of production to 4 500 tonnes U_3O_8 per annum and eventually to 6 000 tonnes U_3O_8 , in line with projected sales.

The coarse ore fraction from the primary screen is stockpiled for further size reduction in the secondary and tertiary crusher circuit.



Production of 3 067 tonnes U_3O_8 during the financial year was according to plan and metallurgical recoveries were good.

A mill operator changes the feed from one counter-current decantation thickener to another.



Ranger continues to meet its obligation to keep employee exposure to dust and radiation in the workplace as low as reasonably achievable (the ALARA principle). Levels of radiation have always been well within the standards set in the 'Code of Practice for the Mining and Milling of Uranium Ores' and the Company continues to improve its practices (see 'Radiation Protection').

Tailings Disposal

Construction of Stage III of the tailings dam was completed to the satisfaction of the Quality Control Committee consisting of representatives of the Supervising Authorities and of Ranger.

Water Management

Rainfall during the 1985/86 period was some 360 mm below the annual average of 1 579 mm. Accumulation of excess water was therefore not as great as expected. For this reason and because of the extension of irrigation systems in the latter part of 1985, all excess water accumulated in the mine during previous wet seasons can be absorbed or evaporated before the next wet season.

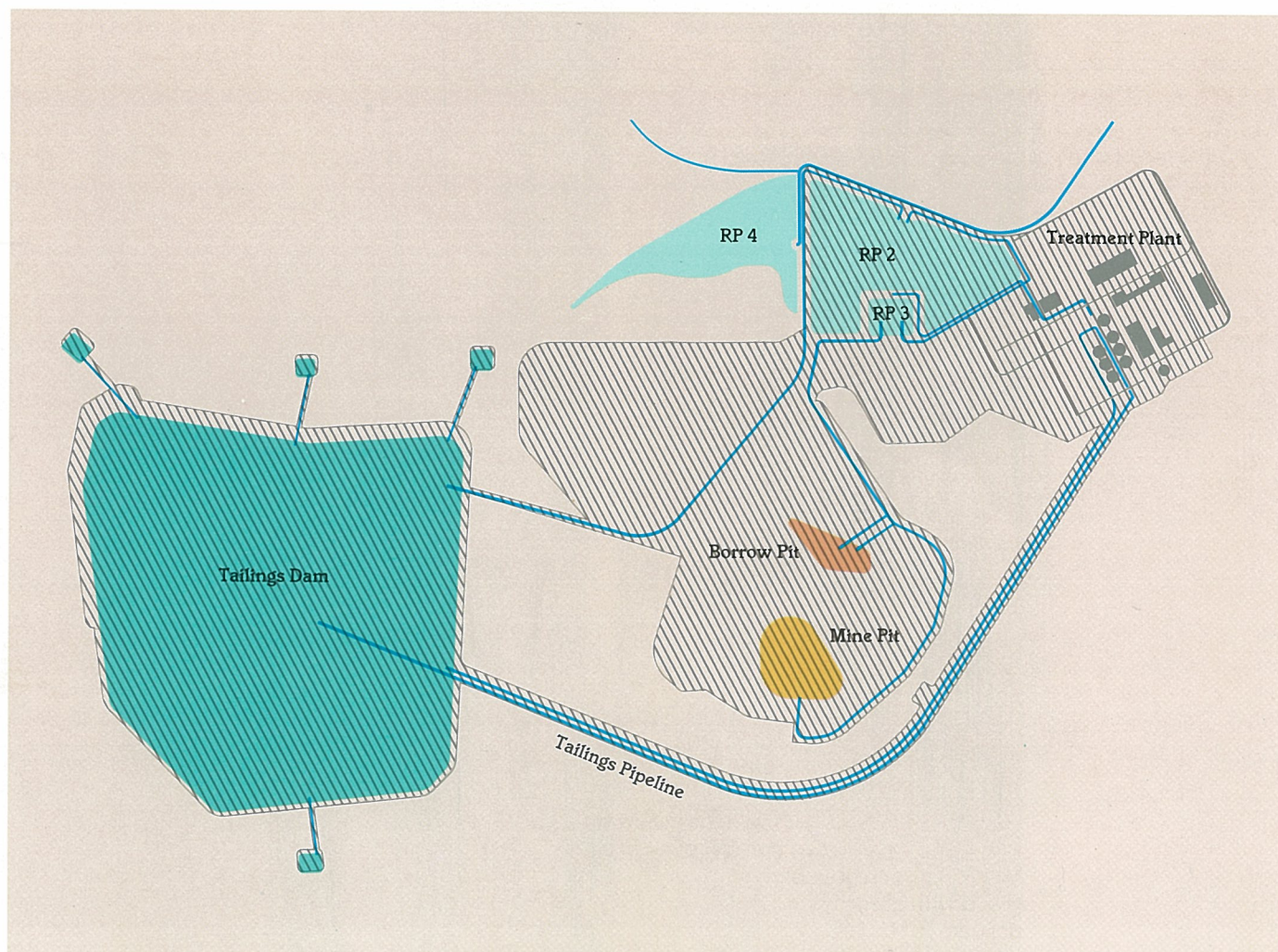
A detailed review of water management technology was carried out during the year. This culminated in the presentation to the Supervising Authorities of a report: 'Application of Best Practicable Technology to Water Management System'. While no formal agreements have been reached on the recommendations of this report, Ranger has acted expeditiously in adopting favoured options identified in the report. For example, intensive study is being carried out on the development of spray irrigation, which is the most favoured option.

Standards for water release from the RRZ to the Magela Creek were approved by the Supervising Authorities in December 1985. The Company, however, made no application for the release of waters from this area.

Map showing the Restricted Release Zone from which water may only be released with the prior permission of the Supervising Authorities.

▨ Restricted Release Zone

■ Retention Ponds 2, 3 and 4



Environment

Emphasis is changing from the broad spectrum baseline monitoring programme towards the detailed study of specific pathways contamination may follow. Considerable resources are being applied to identify needs such as development of the rehabilitation programme, tailings disposal, seepage control and water management modelling.

In the relatively short time that the mine has been operating, a considerable amount of information has been accumulated. This has improved the overall understanding of the region where the mine is situated, about which little was known or understood before uranium was discovered. This increased knowledge has confirmed that the mine can continue to operate with no detriment to the environment or those living in the area.

Radiation Protection

Man has always been subject to natural background radiation. At Jabiru the background radiation is no higher than the worldwide average and mining at Ranger has not changed this level. Conservative limits for any additional exposure to workers or members of the public resulting from the operations at Ranger are set in the 'Code of Practice on Radiation Protection in the Mining and Milling of Radioactive Ores, 1980'.

On average, an employee receives less than 10% of the permitted levels, which are conservatively set in accordance with the recommendations of the International Commission on Radiological Protection. Maximum exposure in isolated cases has reached 30% of permitted levels but only for very short periods of time.

Comprehensive programmes on radiation protection are provided for induction, training and supervision courses and a significant improvement in the control of radiation sources has been achieved through engineering design. Radiation safety procedures are strictly enforced and, to check that high standards of occupational and environmental protection are met, there is an extensive monitoring programme which gives early warning of any need for corrective action. Sources of radiation are monitored, ambient radiation is measured and personal monitoring equipment is used to measure actual exposures of people.

The results of all monitoring are reported on a monthly basis to the statutory authorities, unions and the Northern Land Council.

Occupational Health and Safety

Organisational changes in the health and safety area made in early 1985 have required managers and superintendents to place more emphasis on employees' safety. As part of these changes, a Safety Coordinator was appointed to keep management, supervisors and employees constantly aware and informed. Standing procedures have been revised to reflect increased safety awareness.

Mainly as a result of these organisational changes a 30% reduction was achieved in the number of lost time injuries occurring on site. In early 1985 a 'Correct Procedure Award Scheme' was introduced to reward work groups and individuals who work without lost time due to injury. Since its inception over 300 awards have been made. During the first twelve months of the scheme eight of the twenty-two work groups worked the full twelve months without lost time due to injury — an accomplishment recognised by awards from the National Safety Council of Australia.

In 1986 a 'Five Point Safety Plan' is being introduced. The plan should help supervisors promote employee participation and awareness in safety. The points covered are:

- (i) checking that the access to the workplace is safe;
- (ii) checking that the workplace, tools and equipment are in good order;
- (iii) checking that the worker is working safely;
- (iv) teaching safety; and
- (v) judging that the worker can and will continue to work safely.

Industrial Relations

Negotiations with the unions at Ranger on the terms of the award were started in late January. Following the Company's rejection of a number of claims which clearly lay outside the wage fixing principles, union members commenced a series of industrial actions attempting to link them with alleged health and safety issues. These actions culminated in a three-week strike in March. During this time the Company initiated



Equipment being installed to monitor water flow in the irrigation area.

legal action against the unions and individual union members over actions on picket lines at the product storage facility outside Darwin. That picketing resulted in a one-month delay of a shipment but, other than for a very small amount of product destined for the Federal Republic of Germany, all contractual obligations were met on time. The dispute at Ranger was resolved by the Company and unions agreeing to an inspector being appointed to report to the Australian Conciliation and Arbitration Commission on health and safety issues. The results of that inspection are still awaited. In its dispute with the unions the Company has maintained that monitoring of health and safety is the responsibility of the Department of Mines and Energy of the Northern Territory and not of other authorities.

The continued use of the Disputes and Grievances Procedures together with regular monthly meetings between union delegates and Ranger representatives has been beneficial to both parties, despite the problems associated with award negotiations. The Procedures will continue to be used by the Company to reduce the loss of working time because of industrial relation problems.

Training

Twenty-two apprentices covering ten different trades are currently employed at Ranger. Eight completed their indentures in February 1986.

The major emphasis of training has been in the areas of supervision and safety. In November the National Safety Council of Australia conducted advanced courses on site for supervisory personnel together with award safety delegates.

Supervision training is based on a two-part course, which was developed and conducted in-house by the Training Section. All personnel with supervisory responsibilities from the front-line supervisor through to divisional managers undertake this training. Advanced workshops are planned to follow this introductory training and to develop further skills and knowledge in key areas.

Regular courses on General Induction Orientation, First Aid and Tour Guide Training have been maintained as well as on-site technical workshops.

The Aboriginal Community

The continuation of a close working relationship with the Aboriginal community, the Gagudju Association and other associated authorities remains a high priority of the Liaison Officers. Frequent contact ensures that all concerns are discussed and given appropriate attention and that everyone involved is kept informed of Ranger developments. In addition regular mine visits and field days are arranged so that individuals and groups receive more information pertaining to areas of specific interest, particularly in environmental matters. Close liaison continues to be maintained with the Women's Resource Centre, which operates very successfully, as well as with local Aboriginal businesses. In particular, the Gagudju Association's contracting company regularly carries out some construction and maintenance work for Ranger.

Induction courses given for new employees continue to include instruction on Aboriginal culture. Advanced programmes for supervisors place emphasis on working

Within the mine site all workers have to wear protective apparel such as safety helmets and boots. Depending upon the area of work, additional safety measures and precautions may have to be observed.



Two-hundred litre drums filled by remote control are sealed, labelled and packed into ISO containers ready for dispatch.

In the packing area, particular attention is given to the elimination of dust but, as an added precaution, operators are required to wear protective equipment.

A major maintenance project during the year was the replacement of the pipelines to the tailings dam.



with Aboriginal employees. In addition orientation programmes for employees and their families, incorporating information on Aboriginal culture and rules related to local significant sites, are held in conjunction with Kakadu National Park staff.

Employment and training of people of Aboriginal or Islander descent, particularly those of local origin, remains a high priority. The major training programme at present is centred in the Revegetation Section of the Environmental Division and involves local Aboriginal trainees, the selection of whom is co-ordinated in conjunction with the Gagudju Association. In this area, 1986 will be marked by a major achievement: in July a trainee in the Revegetation Section will finish her apprenticeship, to become the first Aboriginal horticulturalist in the Northern Territory.

As has been widely reported in the media, the Northern Land Council has taken legal proceedings against the Commonwealth Government of Australia and E.R.A. to have the agreement for mining under Section 44 of the Aboriginal Land Rights (Northern Territory) Act 1976 set aside. The matter is before the High Court but may take some time to be finally resolved. Legal advice indicates that the action will be resolved in favour of the Company.

Visitors to the Mine

Tours of the Ranger mine have become a regular feature in the programmes of a number of tour operators in the area. Ranger provides trained guides for these tours and also for individual members of the public visiting the site. During the 1985 season some 17 000 people toured the mine.

Each tour normally includes a visit to the pit as well as to the tailings dam. It is then followed by a drive-through tour of the ore processing plant showing participants the different facets of the operation including crushing, milling, leaching, solvent extraction, packing and water management.

Jabiru Township

Day-to-day operation of the town continues to be carried out by the Jabiru Town Council. There are now seven members elected to the Council and one appointed: E.R.A.'s representative.

Sporting facilities continue to develop. The latest is the construction of a synthetic grass bowling green which commenced this year, as a result of a grant from the Government of the Northern Territory.

Marketing

E.R.A. continued to attract more customers during the year. Regular contact was maintained with customers and potential customers in the United States, Japan, the Republic of Korea and a number of European countries, all of which have signed bilateral safeguards agreements with Australia. Twelve countries have now signed such agreements, which are a pre-requisite for importing Australian uranium.

During the year new contracts were signed with two utilities in the United States. This brings the total number of contracts with utilities in this country to seven.

Various adult education classes are conducted at the Aboriginal Women's Resource Centre. Screen printing is just one of the handicrafts taught.

Here an Aboriginal woman picks pandanus leaves which will be used for weaving.



In general, shipments of U_3O_8 during the year were carried out ahead of schedule. A short delay, caused by industrial action, occurred with one consignment but the forward-shipping policy of the Company resulted in only minimal disruption to the delivery schedule.

Demand for uranium will continue to increase over the next few years as new reactors come on stream. During 1985, 32 reactors accounting for a total of 30 057 megawatts of electrical generating capacity (MWe) came into operation. This increased the total number of operating nuclear reactors in the world to 374, producing 249 625 MWe. There are at present over 150 reactors under construction and a further 116 are being planned, demonstrating that many countries are increasing their reliance on nuclear-generated electricity. By 1995 the world's nuclear generating capacity is expected to more than double (see chart on page 16) and western leaders confirmed in a declaration issued at the Tokyo Economic Summit that in spite of the Chernobyl accident, this trend will continue.

The United States, with the world's largest nuclear programme, now has over 100 nuclear units in operation producing 16% of the country's electricity. In 1985, Sweden's nuclear dependence rose to 50% and in France, the country which has the greatest dependence on nuclear energy, 65% of electricity production came from this source. In Japan, nuclear power is the largest source for electricity generation. At the end of 1985 there were 33 nuclear power plants in operation, producing 26% of the country's electricity. By 1995 this is expected to increase to 35%.

Despite the good long-term prospects for U_3O_8 , the short-term market has been weakened by excess inventories, resulting in spot-market prices continuing at low levels. However, prices received by E.R.A. under its contracts, which are all on a long-term basis, continued to be significantly higher than spot-market levels.

As a result of a continuing softness in the world uranium market, there have been initiatives by certain shareholder-customers for some form of relief under contracts for purchase of material from E.R.A. While discussion has taken place with these customers, no agreement has yet been reached.

Although short-term factors will slow down the U_3O_8 purchasing programmes of some major utilities, long-term prospects generally continue to be favourable. Production levels and inventories have fallen over the last few years particularly in the United States, which will result in a significant number of utilities looking for new long-term supplies in the foreseeable future. The chart on page 16 shows Australia, with E.R.A. as its major producer, now ranked fourth as a producer of U_3O_8 in the western world.

In the United States, a justice of the Denver Colorado Federal District Court signed an injunction in June 1986, preventing the US Department of Energy from enriching any non-US uranium after 31 December 1986. The decision is subject to appeal and a stay in the injunction has been granted. It is too early to assess the chance of appeal being successful or to determine the possible effect on deliveries into contracts between E.R.A. and US utilities. Developments are being closely monitored and the Australian position put to the appropriate authorities.

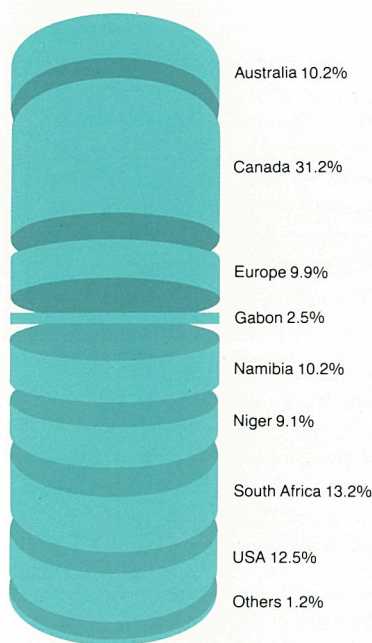


A view of the telecommunication mast near the town of Jabiru.



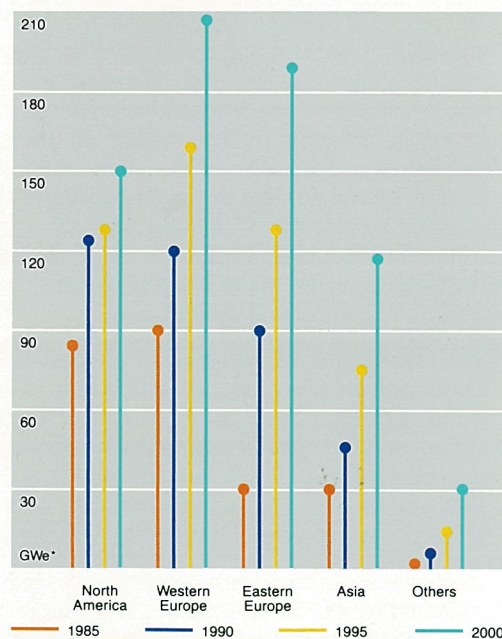
One of the Company-trained tour guides explains the ore processing plant during a drive-through tour.

Western World Uranium Production in 1985



Information source: Nukem

Regional Distribution of Nuclear Generating Capacity to the Year 2000



* 1 gigawatt of electricity (GWe) = 1 000 million watts of net electrical output.
Information source: International Atomic Energy Agency

ADDITIONAL STATUTORY INFORMATION

Directors

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

State of Affairs of the Group during Financial Year

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

Post Balance Date Matters

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

Likely Developments

In the opinion of the Directors likely developments in the operations of the Group known at the date of this Report have been covered generally within this Report, the Balance Sheets and Profit and Loss Accounts and notes thereon. Directors are not aware of any other specific development likely to have a significant effect on the operations of the Group or the expected results of those operations.

Options

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

Directors' Benefits

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

Rounding-off

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

Signed at Sydney this 21st day of August 1986, in accordance with a resolution of the Directors.

A L Morokoff
DIRECTOR

Sir Rupert Myers
DIRECTOR

PROFIT AND LOSS ACCOUNTS

For the year ended 30 June 1986

ENERGY RESOURCES OF AUSTRALIA LTD Incorporated in the Australian Capital Territory

	NOTE	CONSOLIDATED		PARENT	
		1986	1985	1986	1985
		\$'000	\$'000	\$'000	\$'000
Revenue		222,513	233,779	222,513	233,779
Operating Profit Before Income Tax		98,415	109,852	98,415	109,852
Income Tax Expense Applicable thereto	10	47,991	53,395	47,991	53,395
Net Profit		50,424	56,457	50,424	56,457
Dividends					
Dividend paid		20,500	20,500	20,500	20,500
Dividend payable		20,500	20,500	20,500	20,500
		41,000	41,000	41,000	41,000
Retained Surplus at 1 July		70,045	54,588	70,045	54,588
Retained Surplus at 30 June		79,469	70,045	79,469	70,045
Profit before income tax includes the following items:					
Credited					
Interest received/receivable					
subsidiary companies		—	—	—	—
other corporations		10,355	9,195	10,355	9,195
Charged					
Amortization of Ranger Project Rights		6,508	6,275	6,508	6,275
Depreciation of mine plant, equipment & facilities		15,621	12,526	15,621	12,526
Directors' emoluments	12	137	121	137	121
Royalty type expense	13	3,043	3,513	3,043	3,513
Payments for Aboriginal interests	13	10,547	12,145	10,547	12,145
Rehabilitation fund payments and guarantee costs	13	5,309	6,101	5,309	6,101
Interest paid/payable to					
subsidiary companies		—	—	28,591	47,349
other corporations		37,099	47,454	8,508	105
Auditors' remuneration					
audit services		105	117	105	117
other services		66	53	66	53
Other benefits received by the auditors		—	—	—	—
Amortization of deferred expense	7	2,190	944	2,190	944
Profit on disposal of fixed assets		8	—	8	—
Rent expense on operating leases		384	362	384	362
Finance charges on finance leases		1,895	745	1,895	745

ENERGY RESOURCES OF AUSTRALIA LTD Incorporated in the Australian Capital Territory

	NOTE	CONSOLIDATED		PARENT	
		1986	1985	1986	1985
		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash at bank and on hand		29	15	29	15
Short term deposits		8,284	41,134	8,284	41,134
Trade debtors		101,886	113,189	101,886	113,189
Other debtors	2	5,081	3,495	5,081	3,495
Stock on hand	3	61,421	47,529	61,421	47,529
		<u>176,701</u>	<u>205,362</u>	<u>176,701</u>	<u>205,362</u>
Interests in Subsidiaries	4	—	—	10	10
Fixed Assets					
Ranger Project Rights	5	375,108	381,616	375,108	381,616
Mine plant, equipment & facilities	6	<u>329,342</u>	<u>337,388</u>	<u>329,342</u>	<u>337,388</u>
		<u>704,450</u>	<u>719,004</u>	<u>704,450</u>	<u>719,004</u>
Deferred Expense	7	<u>2,457</u>	<u>3,121</u>	<u>2,457</u>	<u>3,121</u>
Total Assets		<u>883,608</u>	<u>927,487</u>	<u>883,618</u>	<u>927,497</u>
Current Liabilities					
Bank overdraft		3,775	2,302	3,775	2,302
Trade creditors and bills payable		20,948	16,801	20,948	16,801
Borrowings					
Unsecured	8	16,676	—	—	—
Secured	8	—	56,493	—	—
Owing to subsidiary					
Secured		—	—	—	56,493
Unsecured		—	—	16,676	—
Other creditors		827	3,064	827	3,064
Dividends payable		20,500	20,500	20,500	20,500
Provision for taxation		<u>42,639</u>	<u>54,874</u>	<u>42,639</u>	<u>54,874</u>
		<u>105,365</u>	<u>154,034</u>	<u>105,365</u>	<u>154,034</u>
Non-Current Liabilities					
Borrowings					
Unsecured	8	179,036	—	179,036	—
Secured	8	—	191,261	—	—
Creditors and accrued expenses		83	35	83	35
Owing to subsidiary					
Secured		—	—	—	191,261
Unsecured		—	—	10	10
Provision for deferred income tax	10	<u>109,655</u>	<u>102,112</u>	<u>109,655</u>	<u>102,112</u>
Total Liabilities		<u>394,139</u>	<u>447,442</u>	<u>394,149</u>	<u>447,452</u>
Issued and Paid Up Capital	11	410,000	410,000	410,000	410,000
Retained Surplus		<u>79,469</u>	<u>70,045</u>	<u>79,469</u>	<u>70,045</u>
Total Share Capital and Reserves		<u>489,469</u>	<u>480,045</u>	<u>489,469</u>	<u>480,045</u>
		<u>883,608</u>	<u>927,487</u>	<u>883,618</u>	<u>927,497</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Principles of Consolidation

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

(b) Depreciation and Amortization

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

- (i) individual assets that have a life equal to or longer than the estimated remaining life of the mine are depreciated over a period not longer than the estimated mine life in proportion to ore reserve utilization;
 - (ii) each other asset is depreciated over its estimated operating life on a straight line basis.
- Ranger Project Rights are amortized over the estimated mine life and in relation to projected revenue from production.

(c) Foreign Currency

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

(d) Stock on Hand

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

(e) Deferred Expense

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

The balance of share issue expenses is being written off over the first five financial years of full operation, 1983-87.

Marketing expenses are being amortized over the calendar years 1982-6, inclusive of both. Borrowing costs incurred in 1981 are being amortized over 8½ years from 15 November 1981 to the scheduled final repayment of the project loans. Costs attributable to borrowings terminated during the year have been written off in full. Costs incurred during the year, ie. re-financing borrowings, are amortized over 5 years to January 1991.

(f) Income Tax

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

(g) Sales

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

(h) Leases

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

CONSOLIDATED AND PARENT		
	1986 \$'000	1985 \$'000
2. OTHER DEBTORS		
Other debtors	5,093	3,507
Less provision for doubtful debts	12	12
	<u>5,081</u>	<u>3,495</u>
CONSOLIDATED AND PARENT		
	1986 \$'000	1985 \$'000
3. STOCK ON HAND		
Stores	15,004	11,387
Less provision for obsolescence	595	805
	<u>14,409</u>	<u>10,582</u>
Ore stockpile	8,774	6,787
Work in progress	1,184	163
Finished product U ₃ O ₈	37,054	29,997
	<u>61,421</u>	<u>47,529</u>
4. SUBSIDIARIES 1986 and 1985		
(a) <i>Shares in Subsidiary Companies</i>	Place of Incorporation	Energy Resources of Australia Ltd Investment at Cost \$
E.R.A. (Canberra) Limited	Australian Capital Territory	5
Ranger Export Development Company Pty Ltd	New South Wales	20
Ranger Uranium Mines Pty Ltd	New South Wales	20
		<u>45</u>
The above subsidiaries are wholly owned. The operations of the subsidiaries did not result in a profit or a loss and no dividends were paid to the parent company.		
(b) <i>Loan to Subsidiary Company</i>		
Unsecured subordinated loan to E.R.A. (Canberra) Limited \$10,000 (1985 \$10,000).		
CONSOLIDATED AND PARENT		
	1986 \$'000	1985 \$'000
5. RANGER PROJECT RIGHTS		
Ranger Project Rights at cost	407,000	407,000
Less amortization	31,892	25,384
Net balance	<u>375,108</u>	<u>381,616</u>
This represents Ranger interests acquired from the former Ranger joint venturers, including rights to receive and sell the concentrates produced from the Ranger Project Area and the benefits of long term sales contracts previously arranged by certain of the former venturers.		
CONSOLIDATED AND PARENT		
	1986 \$'000	1985 \$'000
6. MINE PLANT, EQUIPMENT AND FACILITIES		
Plant, equipment and facilities at cost	398,561	392,562
Less provision for depreciation	69,219	55,174
Written down value	<u>329,342</u>	<u>337,388</u>

CONSOLIDATED AND PARENT

1986 \$'000 1985 \$'000

7. DEFERRED EXPENSE

Deferred expense capitalized at cost, comprises:

Share Issue expenses	3,158	3,158
Marketing Expense incurred in securing contracts	808	808
Borrowing Costs	5,592	4,066
	<u>9,558</u>	<u>8,032</u>
Less Amounts written off, Note 1(e)	7,101	4,911
Total	<u>2,457</u>	<u>3,121</u>

8. BORROWINGS

New borrowing facilities were arranged during the year on an unsecured, negative pledge basis. These facilities extend to 30 June 1994 with differing annual reduction amounts from 30 June 1987 and provide for issues of Euronotes and the provision of letters of credit. The proceeds of new borrowings were used to repay a secured project loan of US\$250 million which had been reduced to US\$125 million at February 1986. Secured Vendor loans totalling \$A35,865,196 at February were also repaid and refinanced.

9. FOREIGN CURRENCY

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

Forward purchase contracts for US dollars have been entered into covering the principal outstanding in US dollars under loan agreements. These hedge contracts will have the effect of \$A157,476,071 (1985 \$A199,674,485) being required to repay the principal of the loans at 30 June 1986 whereas the conversion of the principal in US dollars at the rate of exchange at year end was \$A270,956,973 (1985 \$A348,686,192). There are forward sales contracts for US dollars which match the purchase contracts covering loan repayments. These contracts for US dollars resulted in revenue for the year being reduced by \$21,732,000 (1985 \$34,435,000).

The group has also entered into forward sale contracts for US dollars in respect of some further sales proceeds. These reduced revenue for the year by \$6,991,000 (1985 \$14,350,000). Similar contracts for US\$ exist in respect of expected sales in 1987.

The net exchange loss included in the profit and loss account for the year on the holding of net foreign monetary assets was \$2,345,000 (1985 gain \$21,336,000).

CONSOLIDATED AND PARENT

1986 \$'000 1985 \$'000

10. INCOME TAX

Income Tax is calculated as follows:

Operating profit before income tax	98,415	109,852
Tax calculated at 46%	45,271	50,532
Tax effect of permanent differences:		
decreased income tax expense due to investment allowance	(273)	(83)
increased income tax expense due to amortization of Ranger Project		
Rights and other non-allowable items	2,993	3,026
other items not allowable	—	(80)
Income tax expense	<u>47,991</u>	<u>53,395</u>

Provision for deferred income tax

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

CONSOLIDATED AND PARENT				
	1986 \$'000	1985 \$'000		
11. CAPITAL				
Authorized Capital				
500,000,000 shares of \$1.00 each	500,000	500,000		
Issued and Paid up Capital				
A Class shares of \$1.00 each	307,500	307,500		
B Class shares of \$1.00 each	61,500	61,500		
C Class shares of \$1.00 each	41,000	41,000		
	410,000	410,000		
The B and C Class shares rank pari passu with the A Class shares except that the B and C Class shares have limitations, restrictions and special rights as to conversion, quotation and disposal of shares and voting in specified matters.				
	CONSOLIDATED		PARENT	
	1986 \$'000	1985 \$'000	1986 \$'000	1985 \$'000
12. DIRECTORS' EMOLUMENTS				
There were no Executive Directors of the company				
Total emoluments received and receivable by Other Directors	137	121	137	121
No emoluments (excluding salaries) were received by Directors of subsidiaries who are not also Directors of the company				
13. COMMITMENTS				
(a) Commitments for capital expenditure	384	3,731	384	3,731
(b) Lease and Hire Commitments				
(i) Operating Leases				
Aggregate amount contracted but not provided for in the accounts	1,427	325	1,427	325
Due within 1 year	517	305	517	305
Due within 1-2 years	498	19	498	19
Due within 2-5 years	412	1	412	1
	1,427	325	1,427	325
Rent expense for period	384	362	384	362
(ii) Finance Leases				
Aggregate amount contracted but not provided for in the accounts	7,292	4,881	7,292	4,881
Due within 1 year	1,864	1,261	1,864	1,261
Due within 1-2 years	1,859	963	1,859	963
Due within 2-5 years	3,569	2,657	3,569	2,657
Minimum lease payments	7,292	4,881	7,292	4,881
Less future finance charges	2,200	1,194	2,200	1,194
Present value of minimum lease payments — motor vehicles & plant	5,092	3,687	5,092	3,687
Rent expense for period	1,895	745	1,895	745
(c) E.R.A. is liable to make payments to the Commonwealth as listed below:				
(i) amounts equal to the sums payable by the Commonwealth to the Northern Lands Council pursuant to the Section 44 Agreement (Aboriginal Land Rights (Northern Territory) Act 1976). These amount to \$200,000 per annum during the currency of the Agreement.				

Note 13 continued

(ii) amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Trust Account pursuant to Section 63(5) of the Aboriginal Land Rights (NT) Act.

These amounts are calculated as though they were royalties payable pursuant to the Northern Territory Mining Act and represent 4¼% of net sales revenue. (1986 \$10,347,000, 1985 \$11,945,000)

(iii) amounts equivalent to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1¼%. (1986 \$3,043,000, 1985 \$3,513,000)

(iv) amounts equal to 2% (or such other rate as the Minister of State for the time being administering Section 41 of the Atomic Energy Act may determine) of the payments received by E.R.A. in respect of sales of uranium concentrates. These amounts are credited to the Ranger Rehabilitation Trust Fund to provide for rehabilitation of the mine site. (1986 \$4,896,000, 1985 \$5,528,000)

14. CONTINGENT LIABILITIES

E.R.A. has given to the Commonwealth Government an undertaking to rehabilitate the Ranger Project Area after cessation of mining operations. To the extent from time to time that the amount standing to the credit of the Ranger Rehabilitation Trust Fund is insufficient to meet the then estimated cost of rehabilitation, this undertaking has been secured by a bank guarantee given by the Commonwealth Bank of Australia.

The estimated cost of rehabilitation (including contingency), should E.R.A. have been required to cease mining at 30 June 1986, would have been \$46,354,000 (1985 \$37,935,000) whilst the balance of the Trust Fund was \$29,695,000 (1985 \$21,105,000). See Note 13(c)(iv).

The Northern Land Council has taken legal proceedings against the Commonwealth Government of Australia and E.R.A. to have the agreement for mining under Section 44 of the Aboriginal Land Rights (NT) Act set aside. The matter is before the High Court but may take some time to be finally resolved. Legal advice indicates action will be resolved in favour of the Company.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 30 June 1986

25

	CONSOLIDATED			
	1986	1986	1985	1985
	\$'000	\$'000	\$'000	\$'000
Sources of Funds				
Funds from Operations				
Inflows of funds from operations	232,868		242,974	
Less outflows of funds from operations	<u>134,453</u>	<u>98,415</u>	<u>133,122</u>	<u>109,852</u>
Add non cash items:				
Amortization and depreciation		<u>24,319</u>		<u>19,746</u>
		<u>122,734</u>		<u>129,598</u>
Reduction in Assets				
<i>Current Assets</i>				
Short term deposits	32,850		—	
Trade debtors	<u>11,303</u>	<u>44,153</u>	<u>6,200</u>	<u>6,200</u>
Increase in Liabilities				
<i>Current liabilities</i>				
Bank overdraft	1,473		442	
Trade creditors and bills payable	<u>4,147</u>		<u>—</u>	
Other creditors	<u>—</u>	<u>5,620</u>	<u>2,044</u>	<u>2,486</u>
<i>Non current liabilities</i>				
Creditors and accrued expenses		<u>48</u>		<u>—</u>
		<u>172,555</u>		<u>138,284</u>
Application of Funds				
Increase in Assets				
<i>Current assets</i>				
Cash on hand	14		4	
Short term deposits	—		815	
Trade debtors	—		—	
Other debtors	1,586		25	
Stock on hand	<u>13,892</u>	<u>15,492</u>	<u>8,252</u>	<u>9,096</u>
<i>Non current assets</i>				
Mine plant, equipment & facilities	7,575		3,208	
Deferred expenses	<u>1,526</u>	<u>9,101</u>	<u>—</u>	<u>3,208</u>
Reduction in Liabilities				
<i>Current liabilities</i>				
Trade creditors and bills payable	—		3,474	
Borrowings	<u>39,817</u>		<u>820</u>	
Other creditors	<u>2,237</u>	<u>42,054</u>	<u>—</u>	<u>4,294</u>
<i>Non current liabilities</i>				
Borrowings	12,225		51,003	
Creditors and accrued expenses	<u>—</u>	<u>12,225</u>	<u>49</u>	<u>51,052</u>
Dividends paid		<u>41,000</u>		<u>55,000</u>
Income tax paid		<u>52,683</u>		<u>15,634</u>
		<u>172,555</u>		<u>138,284</u>

Statement by Directors

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

In the opinion of the Directors:

(a) the accounts of the Company and of the Group, set out on pages 18 to 25, are drawn up so as to give a true and fair view of the state of affairs as at 30 June 1986, and the profit for the year ended on that date of the Company and of the Group as far as they concern members of the Company;

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and

(c) the accounts are in accordance with Australian Accounting Standards and applicable Approved Accounting Standards.

Signed at Sydney this 21st day of August, 1986 in accordance with a resolution of the Directors.

A L Morokoff
DIRECTOR

F M Bethwaite
DIRECTOR

Auditors' Report to the Members of Energy Resources of Australia Ltd

(Incorporated in the Australian Capital Territory)

We have audited the accounts and group accounts set out on pages 18 to 26 in accordance with Australian Auditing Standards.

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

(i) the state of affairs of the Company and of the Group as at 30 June 1986 and of the profit of the Company and of the Group for the year ended on that date so far as they concern members of the holding company; (ii) the other matters required by Section 269 of that Act to be dealt with in the accounts and in the group accounts; and are in accordance with Australian Accounting Standards and applicable Approved Accounting Standards.

Coopers & Lybrand
CHARTERED ACCOUNTANTS

by M J Sharpe

Sydney 21 August 1986

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

Entitlement to Votes (Article 85)

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

Stock Exchange Listing

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

Distribution of Shareholders as at 15 August 1986

(a) A Class Ordinary Shareholders			EQUAL TO 75.0% OF THE ISSUED CAPITAL	
	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1-99	15	0.0	557	0.0
100-1000	19,494	85.1	7,742,473	2.5
1001-5000	2,860	12.5	6,807,240	2.2
5001-10,000	317	1.4	2,395,982	0.8
over 10,000	222	1.0	290,553,748	94.5
	22,908	100.0	307,500,000	100.0
(b) B Class Ordinary Shareholders			EQUAL TO 15.0% OF THE ISSUED CAPITAL	
			NUMBER OF SHARES	%
Rheinbraun Australia Pty Limited			25,625,000	41.6
UG Australia Developments Pty Limited			16,400,000	26.7
Interuranium Australia Pty Limited			15,375,000	25.0
OKG			4,100,000	6.7
			61,500,000	100.0
(c) C Class Ordinary Shareholders			EQUAL TO 10.0% OF THE ISSUED CAPITAL	
			NUMBER OF SHARES	%
Japan Australia Uranium Resources Development Co Ltd			41,000,000	100.0
Total Issued Capital			410,000,000	

Register of Substantial Shareholders SHARES IN WHICH BENEFICIAL INTEREST HELD AS AT 15 AUGUST 1986

<i>A Class Ordinary Shareholders</i>	
Peko-Wallsend Ltd	136,329,100
EZ Industries Limited*	
A Class Ordinary Shares	263,274,100
B Class Ordinary Shares	61,500,000
C Class Ordinary Shares	41,000,000
<i>B Class Ordinary Shareholders</i>	
Rheinbraun Australia Pty Limited	25,625,000
UG Australia Developments Pty Limited	16,400,000
Interuranium Australia Pty Limited	15,375,000
<i>C Class Ordinary Shareholders</i>	
Japan Australia Uranium Resources Development Co Ltd	41,000,000

*By a notice of change in interest of substantial shareholders dated 29 May 1986 received from North Broken Hill Holdings Limited, E.R.A. was informed that EZ Industries 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 E.R.A. with its shareholders between September 1980 and December 1981.

Twenty Largest Shareholders

of A Class Ordinary Shares as at 15 August 1986

SHAREHOLDER	SHARES HELD
Peko-Wallsend Ltd	136,329,100
EZ Industries Limited	126,945,000
Australian Mutual Provident Society	4,167,860
CTB Nominees Ltd	3,577,500
MLC Life Limited	1,927,367
Pendal Nominees Pty Ltd	1,600,222
National Nominees Limited	966,829
Government Insurance Office of New South Wales	962,900
Eagle Star Nominees Ltd	870,400
ANZ Nominees Ltd (Melbourne)	796,028
Hambro Securities Ltd	623,100
The City Mutual Life Nominees Pty Ltd	591,100
Bank of New South Wales Nominee Pty Ltd	566,650
Public Authorities Superannuation Board	542,300
The Perpetual Executors & Trustees Association of Australasia Ltd	539,150
The City Mutual Life Assurance Society Ltd	524,000
Australian Foundation Investment Co Ltd	500,000
The National Mutual Life Association of Australasia Ltd	400,000
Schroders Dual Fund Ltd	374,900
Scottish Amicable Life Assurance Society	355,000
Total	283,159,406

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 92.0%.

Interest of Directors in the share capital of the Company as at 21 July 1986

	SHARES HELD
A L Morokoff	5,000
F M Bethwaite	5,000
A W Hamer	15,000
Sir Rupert Myers	2,000

Share Registries**New South Wales**

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

Victoria

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

Australian Capital Territory

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

