



ERA Energy Resources of Australia Ltd

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A member of the Rio Tinto Group

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12 October 2011

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**Energy Resources of Australia Ltd (ASX code: ERA)
Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by
ASIC Class Order 08/35 (CO 08/35)**

Energy Resources of Australia Ltd (ABN 71 008 550 865) (**ERA**) announced today an accelerated renounceable entitlement offer (**Entitlement Offer**) of 12 fully paid ordinary shares in ERA (**New Shares**) for every 7 shares in ERA held as at 7.00pm (AEDT) on Monday, 17 October 2011 by ERA shareholders with registered addresses in Australia and New Zealand and certain institutional holders in other jurisdictions in which ERA makes offers.

ERA gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as modified by CO 08/35 (**Corporations Act**) that:

ERA will offer the New Shares for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the *Corporations Act*.

As at the date of this notice:

ERA has complied with the provisions of Chapter 2M of the *Corporations Act* as they apply to ERA;

ERA has complied with section 674 of the *Corporations Act*; and

there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the *Corporations Act* which is required to be disclosed under section 708AA(7)(d) of the *Corporations Act*.

The potential effect that the Entitlement Offer will have on control of ERA and the consequences of that effect will depend upon a number of factors, including investor demand.

If all shareholders take up their entitlements under the Entitlement Offer, there will be no effect on the control of ERA.

Peko-Wallsend Pty Ltd and North Limited (**North**), being wholly owned subsidiaries of Rio Tinto Limited (together, the **Rio Tinto Entities**), have voting power in approximately 68.4% of the ERA shares on issue as at the date of this notice.

The Rio Tinto Entities have committed to subscribe for their full entitlement under the Entitlement Offer.



The Entitlement Offer (other than the entitlements of the Rio Tinto Entities under the Entitlement Offer) is fully underwritten by J.P. Morgan Australia Limited (**Underwriter**). North has indicated its interest in participating in sub-underwriting any shortfall in the retail component of the Entitlement Offer (including the sale of the entitlements to acquire the New Shares which would otherwise have been issued to ineligible foreign shareholders (**Ineligible Securities**)), subject to a maximum increase of 15.6% in the combined voting power of the Rio Tinto Entities in ERA following the close of the Entitlement Offer.

The Underwriter intends to also offer sub-underwriting of the shortfall under the retail component of the Entitlement Offer (including the sale of the Ineligible Securities) to other existing institutional shareholders and potentially to other institutional investors. All sub-underwriting commitments, including any by North, will be formalised prior to the recommencement of trading in ERA securities.

The potential effect the issue of New Shares under the Entitlement Offer will have on the control of ERA will depend on the number of New Shares North subscribes for (in addition to its entitlement under the Entitlement Offer) through sub-underwriting the retail component of the Entitlement Offer and the sale of the Ineligible Securities.

To the extent that eligible retail shareholders do not wish to participate for their full entitlement, New Shares of an equivalent number to the New Shares not taken up by those eligible retail shareholders (and the Ineligible Securities) will be offered via a bookbuild to eligible institutional shareholders (other than the Rio Tinto Entities) and other institutional investors (**Retail Bookbuild**). To the extent that eligible institutional shareholders and other institutional investors take up New Shares under the Retail Bookbuild, the size of the shortfall under the Retail Bookbuild and the number of New Shares that North will consequently be required to subscribe for under its sub-underwriting agreement will be reduced. This will reduce the potential effect the issue of the New Shares under the Entitlement Offer will have on the control of ERA.

The actual voting power of the Rio Tinto Entities following the Entitlement Offer will therefore depend on the following factors:

the extent to which other shareholders take up their entitlements under the Entitlement Offer;

the extent to which eligible institutional shareholders and other institutional investors take up New Shares under the Retail Bookbuild; and

the extent to which other sub-underwriters in addition to North will be required to subscribe for New Shares under any other sub-underwriting arrangements.

An analysis of the potential effect on the control of ERA has been undertaken to indicate the effect of the Entitlement Offer on the voting power of the Rio Tinto Entities. This analysis assumes that North sub-underwrites 33%, 66% and 100% of the retail component of the Entitlement Offer (including the sale of the Ineligible Securities) and also assumes a 0%, 25%, 50%, 75% and 100% shortfall under the retail component of the Entitlement Offer. It should be noted that the actual number of New Shares to be issued to sub-underwriters will not be known until completion of the Retail Bookbuild. In the event that eligible institutional shareholders and other institutional investors take up all the New Shares offered under the Retail Bookbuild, no New Shares will be issued to sub-underwriters, including North. The table assumes a share price prior to launch of A\$3.29 and a 29.8% discount to the Theoretical Ex-Rights Price. The results are detailed below:



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Voting power of the Rio Tinto Entities prior to the Entitlement Offer		68.4%
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North sub-underwriting commitment (retail plus ineligible component)	Take-up by eligible retail shareholders	Voting power of the Rio Tinto Entities %
33%	0%	72.9%
33%	25%	71.8%
33%	50%	70.7%
33%	75%	69.6%
33%	100%	68.5%
66%	0%	77.4%
66%	25%	75.2%
66%	50%	72.9%
66%	75%	70.7%
66%	100%	68.5%
100%	0%	82.0%
100%	25%	78.6%
100%	50%	75.3%
100%	75%	71.9%
100%	100%	68.6%

The Rio Tinto Entities have voting power in approximately 68.4% of the ERA shares on issue as at the date of this notice. As detailed in the table above, the Entitlement Offer may result in the voting power of the Rio Tinto Entities increasing which could possibly result in reduced liquidity in the market for ERA shares.



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Further, if the Rio Tinto Entities' voting power in ERA increases above 75% then the Rio Tinto Entities will be able to control the passing of special resolutions of ERA shareholders on resolutions on which the Rio Tinto Entities are able to vote.

Yours faithfully

Robert O'Toole

Company Secretary

Energy Resources of Australia Ltd