ENERGY RESOURCES OF AUSTRALIA LTD

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ANNUAL REPORT 2000>

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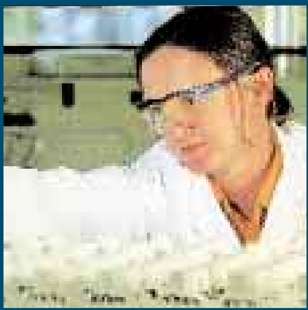

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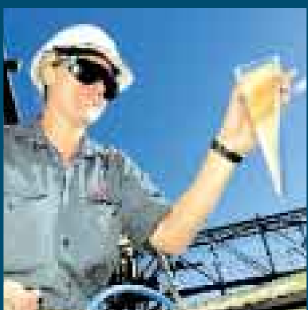
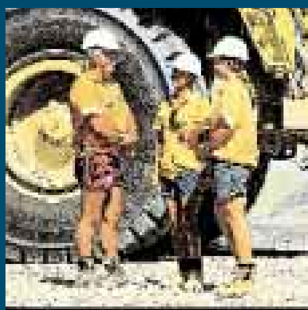
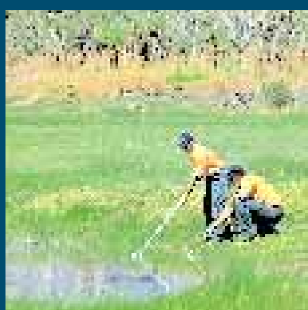






Company Profile

Energy Resources of Australia Ltd (ERA) is a uranium enterprise selling uranium oxide from the Ranger mine in the Northern Territory to electricity supply utilities in Japan, South Korea, Europe and North America.

The Company is currently producing ore from its Ranger #3 open pit and is proceeding with the development of the Jabiluka mine located 22.5 kilometres north of the existing Ranger facilities.

The Company is intent on maximising profitable sales with a secure portfolio of medium and long-term sales contracts and, as the third-largest uranium mining company in the world, has maintained a good reputation with the marketplace.

ERA is a 68.4 per cent owned subsidiary of North Limited,* a diversified resource company, and has strong shareholder-customer links with electricity utilities in Japan, France and Sweden.

Mission

ERA's fundamental objective is to increase the wealth of its shareholders through a commitment to:

- Fulfilling the expectations of all stakeholders in the Company's business, with special emphasis on the needs of customers, safety of employees, the integrity of the environment and assisting to improve the well-being of the Aboriginal community.
- Open and honest communication with all stakeholders.
- Continuous improvement in management practice.
- Realising the value of the Company's assets through development of its ore reserves.
- Maximising growth in profitable sales of uranium concentrates.
- Maximising earnings and cash flow.

Vision and Values

ERA's corporate vision and values are integrated with those held by the Company's parent, North Limited.

"North will be the outstanding global resources company in terms of our customer focus and contribution to shareholders, society and the environment."

ERA plays an important role in achieving this through recognising the values of the Company:

- potential of people;
- power of the team;
- value of resources; and
- importance of the relationship with customers.

2001 Objectives

- Maximise profit and shareholder value through cost savings and strategic use of resources.
- Work closely with the Aboriginal community to jointly maximise the benefits to the community as a result of ERA's presence. Prepare a concept for understanding and measuring Aboriginal expectations of ERA.
- Continue to increase the number of Aboriginal employees.
- Maintain and build on ERA's environmental record by continuing to ensure the Company's operations do not detrimentally impact the world heritage values of Kakadu National Park.
- Continue evaluation and refinement of Jabiluka to provide the best possible plan to commence production.
- Continue development of a blueprint for the eventual decommissioning of the Ranger mine.
- Empowerment of the workforce through the implementation of self-directed work teams throughout the Company.

BEYOND 2001

- Increase Aboriginal employment and work towards the achievement of senior Aboriginal representation in the company.
- Continue the development of the Jabiluka underground mine with Aboriginal agreement.
- Increase production from Ranger ore and increase sales to utilise full production capacity, at the same time reducing unit costs through greater economies of scale and continual cost improvements.

2000 Highlights

- $34.7 million profit after tax.
- 49 cents paid in dividends including a 31 cent special dividend.
- Three new sales contracts.
- Inventory levels optimised.
- Exported the 150,000th drum of product from Ranger.
- New Section 41 Authority granted allowing operations at Ranger to continue for a further 21 years.
- Aboriginal employment increased to 20 per cent.
- UNESCO World Heritage Committee commitments progressed.
- Continued record of no detrimental impact on surrounding environment.
- Commenced empowerment through restructure of workforce towards self-directed work teams.
- Improving relationships with key stakeholders, particularly the Aboriginal community.

*NOTE:

RIO TINTO TAKEOVER OF NORTH LIMITED

In August 2000 Rio Tinto gained control of ERA's 68.4 per cent parent entity, North Limited.

Chairman and Chief Executive's Report >

Rebecca Bailey, Senior Technical Officer, examines water samples at the Ranger laboratory.

INCREASED PROFIT FOR YEAR

The Company was able to report a 58.4 per cent increase in profit after tax for the financial year ending 30 June 2000 of $34.7 million (1999: $21.9 million). This included an abnormal amount of $12.3 million following a restatement of deferred tax, as a result of reductions in the corporate tax rates from 1 July 2000.

Earnings before interest and tax increased to $46.3 million (1999: $45.8 million). Higher sales were offset by the impact on ERA's contracts of a decrease in the average restricted spot price for uranium to US$9.34 per pound U_3O_8 (1999: US$10.07 per pound U_3O_8). Although ERA does not sell on the spot market, more than 50 per cent of its contracts include pricing terms which are referenced to the spot price.

A special 31 cent dividend was paid in December 1999, reinforcing the Company's policy of maximising value to shareholders. Two normal fully franked dividends totalling 18 cents were also declared during the year. Normal dividends are expected to continue and will be distributed from profit.

SALES CONTRACTS

The Company signed three new sales contracts during the year and has in place sales of 23,000 tonnes U_3O_8 over the next eight years. This year the Company supplied 7 per cent of western world requirements.

INVENTORY LEVELS OPTIMISED

ERA increased sales to 4,514 tonnes U_3O_8 during the year (1999: 4,006 tonnes U_3O_8), while decreasing production to 4,144 tonnes U_3O_8 (1999: 4,375 tonnes U_3O_8). In addition ERA repaid the Japan Australia Uranium Resources Development Co Ltd uranium loan. This has allowed the Company to significantly reduce inventory and working capital.

Ranger reached a milestone during April 2000 when the 150,000th drum of uranium was packed.

Production for the 2000/2001 year is expected to increase to between 4,500 and 5,000 tonnes U_3O_8 in line with sales forecasts.

NEW SECTION 41 AUTHORITY SIGNED

On 9 January 2000 the new Section 41 Authority came into effect, allowing operations on the Ranger Project Area to continue for a further 21 years.

The new Section 41 Authority includes updated environmental requirements (ERs). The new ERs are designed to ensure the best possible protection of the environment.

While the period of the Authority is assured, the Northern Land Council (NLC) has reserved the right to renegotiate the environmental and financial terms of the Agreement attached to the Authority. Any new terms will apply from the time of any new agreement and will not be retroactive. It is expected these further negotiations will commence during the next financial year.

ABORIGINAL EMPLOYMENT

The focus on Aboriginal employment continued to be strengthened with 20 per cent of the Ranger workforce now drawn from the Aboriginal community. The Company aims to continue to increase Aboriginal representation in the workforce.

JABILUKA

As a result of notification by the NLC that it would not consider the use of the Ranger processing plant for processing Jabiluka ore until at least January 2005, the Company expanded its evaluation and research of the Jabiluka mill alternative.

The Company, as requested, continues to provide the NLC with information with regard to the development of Jabiluka.

Diamond drilling was undertaken during the year, providing a further understanding of the ore body and resulting in an increase in the Company's estimated mineral resources (see page 6).

The Commonwealth Government provided a report to the UNESCO World Heritage Committee (WHC) in relation to progress on meeting commitments made to the WHC during its investigation in 1999. This report confirmed that Jabiluka does not pose any threat to the World Heritage values of the nearby Kakadu National Park.

ENVIRONMENT

The supervising authorities agreed that scientifically, ERA's operations have had no detrimental impact on the surrounding environment. However, concerns raised by those opposed to the Ranger operation are reflected in the discomfort of the Aboriginal community. Steps are underway to more fully involve Aboriginal people with the operation's environmental monitoring regime.

During the year there was a leak in the pipe that returns process water from the tailings repository to the processing plant. Elevated levels of contaminants contained in the leak did not escape from the Ranger Project Area and did not have any detrimental impact on the environment. However, the Company recognises this was unacceptable and is preparing a strategy to work towards eliminating this type of incident.

Table 1: **HIGHLIGHTS**

YEAR ENDED 30 JUNE	2000	1999	% CHANGE
Financial, $ million			
Sales revenue	181.8	172.9	5.1%
Operating profit before tax	44.3	43.2	2.5%
Income tax expense	9.6	21.3	–54.9%
Operating profit after tax and abnormals	34.7	21.9	58.4%
Total assets	808	929	–13.0%
Share capital	214.6	214.6	0.0%
Capital and reserves	604.9	663.7	–8.9%
Earnings per share, cents	18.2	11.0	65.5%
Return on shareholders' equity, per cent	5.7	3.3	72.7%
Dividend per share, cents	49.0	14.0	250%
Production			
Ore mined, million tonnes	2.358	2.496	–5.5%
Ore milled, million tonnes	1.468	1.827	–19.6%
Mill head grade, per cent U_3O_8	0.299	0.267	11.2%
Total Production, tonnes U_3O_8 drummed	4,144	4,375	–5.3%
Sales Tonnes			
Ranger	4,511	4,006	12.6%
Other	3	0	–
Total	4,514	4,006	12.7%

EMPLOYEES

There were two separate incidents during the year which resulted in two employees receiving acid burns. Both employees are now back at work. Both accidents were thoroughly investigated resulting in ERA developing further procedures so the workforce is better protected.

A major restructure of the workforce is currently being undertaken, in line with the Corporate Vision and Values, with the Company moving towards further employee empowerment via a self-directed team based work place. Pilot programs have been successful and final implementation of this program will be completed next year.

The Corporate Office in Sydney was restructured and relocated resulting in a reduced corporate workforce.

ROYALTIES

$10.9 million in royalty type payments were made for Ranger during the year. A further $1.8 million was paid in relation to Jabiluka.

DIRECTORS

As previously reported, Robert Cleary replaced Phillip Shirvington as Chief Executive during July 1999.

Thomas Barlow retired in October 1999 after four years of service with the Company. Richard Carter replaced Mr Barlow.

Finance >

A large ore-carrying truck is loaded in the pit at Ranger Uranium Mine

$34.7 MILLION PROFIT

Profit after tax increased to $34.7 million during the 1999/2000 financial year (1999: $21.9 million) with earnings before interest and tax increasing to $46.3 million (1999: $45.8 million).

This increase reflects the recognition of an abnormal income tax benefit of $12.3 million following the restatement of ERA's deferred tax balances as a result of reductions in corporate tax rates from 1 July 2000.

An increase of 12.7 per cent in sales to 4,514 tonnes U_3O_8 in 1999/2000 (1999: 4,006 tonnes U_3O_8) was offset by a decrease in the average restricted spot price for the year to US$9.34 per pound U_3O_8 (1999: US$10.07 per pound U_3O_8). Although ERA does not sell on the spot market, more than 50 per cent of its contracts have pricing mechanisms impacted by the spot price.

Sales revenue increased to $181.8 million (1999: $172.9 million) as a result of the higher sales volumes, mainly offset by the lower restricted spot price.

Production decreased to 4,144 tonnes U_3O_8 (1999: 4,375 tonnes U_3O_8) allowing the Company to achieve its aim of optimising inventory levels. Production is expected to increase to between 4,500 and 5,000 tonnes U_3O_8 in 2000/2001 in line with expected sales for the next year.

Despite lower production levels, unit cost of production was reduced by a further 5.9 per cent reflecting innovative cost cutting initiatives put in place by the Ranger team.

A refund of $0.6 million (1999: $1.3 million) from the Ranger Rehabilitation Trust Fund was received. The Fund is in place to ensure that all the costs of rehabilitation at Ranger are fully funded. The cost of rehabilitation for the site was assessed by the Government as being $30.8 million at 31 March 2000.

The Company continued its policy of managing its foreign exchange exposure. ERA's average hedged rate for the year was A$/US$0.63.

DIVIDENDS

Total dividends of 49 cents were announced during the year (1999: 14.0 cents).

This included a special dividend of 31.0 cents paid in December 1999, from retained earnings. This fully franked dividend was distributed in order to generate value to shareholders in light of the modest gearing of the Company.

The Directors declared a final dividend of 8.0 cents (1999: 11.0 cents). The dividend will be fully franked at 34 per cent and will be paid on 22 September 2000. The record date for the dividend was 8 September 2000.

An interim dividend of 10.0 cents (1999: 3.0 cents) was paid on 28 February 2000.

ERA expects annual profit will facilitate future dividends in line with the Company's current practice.

BORROWING

At 30 June 2000 ERA's borrowings stood at $58.0 million (1999: $77.3 million).

ERA fully repaid the uranium loan from shareholder Japan Australia Uranium Resources Development Co Ltd (JAURD). As a result of the repayment of this loan, deferred income on the sale of this material was included in the 1999/2000 financial year's profit.

CAPITAL EXPENDITURE

Capital expenditure reduced significantly during the year to $12.1 million (1999: $45.0 million). Capital expenditure related to environmental and evaluation works at Jabiluka and standard sustaining capital at Ranger.

Production Metallurgist Kellie Whitby takes a liquid sample from the mill at Ranger.

MINING

Mining of the Ranger #3 open pit continued throughout the year with 6.9 million tonnes of total material mined and 2.4 million tonnes of ore mined. Mining was affected by a higher than average rainfall season causing access to the bottom of the pit to be unavailable from mid-January 2000 to the end of September 2000. Ore was extracted from upper benches during this period.

Further long-term cost reductions were achieved with improved operational performance. A high percentage of the ore was directly fed to the crusher and waste rock was placed in final position, as per the draft rehabilitation plan for the final landform, which minimises double handling.

A strategic study of Ranger #3 was completed during the year. As a result, mining to the Stage 5 open pit will now take place. Stage 5 includes the detailed pit design for the Stage 4 outline proposed in the original pit design. An adjustment in the ore reserves has taken place as outlined on pages 6–7.

Mining is now expected to be completed in 2007 which will meet requirements for Ranger #3 to be utilised as a tailings repository from 2008, with processing of Ranger ore anticipated to be completed during 2010.

PROCESSING

Production of 4,144 tonnes U_3O_8 during 2000 was below sales levels, in line with the Company's policy to optimise inventory levels.

The Company expects to increase production to between 4,500 and 5,000 tonnes U_3O_8 during the 2000/2001 financial year.

Feed to the mills consisted of 1.5 million tonnes of ore at a grade of 0.30 per cent U_3O_8.

There was no recurrence of the chemical difficulties in the plant experienced during 1998/1999. Some equipment performance problems occurred in the upgraded product packaging area, all of which have now been resolved.

With the plant process control now significantly automated, further savings have been made in the use of consumable products and unit cost of production has reduced by 5.9 per cent.

Table 2: **MINING** million tonnes

YEAR ENDED 30 JUNE	2000	1999	1998	1997	1996
Ore mined, cut-off grade 0.12% U_3O_8					
to process plant	0.305	0.522	0.100	–	–
to stockpile	2.053	1.974	2.210	0.709	–
total ore mined	2.358	2.496	2.310	0.709	–
Low grade mineralisation	2.867	4.158	4.141	2.772	–
Waste rock	1.657	1.185	1.730	1.849	–
Total tonnes mined	6.882	7.839	8.181	5.330	–

Table 3: **MILLING**

YEAR ENDED 30 JUNE	2000	1999	1998	1997	1996
Ore milled, million tonnes					
from mine	0.305	0.522	0.100	–	–
from stockpile	1.163	1.305	1.743	1.571	1.201
total ore milled	1.468	1.827	1.843	1.571	1.201
Mill head grade, per cent U_3O_8	0.299	0.267	0.269	0.311	0.349
Milling rate, tonnes per hour	199.0	280.0	241.0	196.0	186.4
Mill recovery, per cent	91.50	91.04	86.77	85.51	85.11
Total production, tonnes U_3O_8 drummed	4,144	4,375	4,162	4,237	3,453
Product grade, per cent U_3O_8	98.59	98.9	98.73	98.71	99.19

Table 4: **ORE RESERVES & MINERAL RESOURCES**

AT 30 JUNE	2000 Ore (Mt)	2000 Grade (% U_3O_8)	2000 Contained U_3O_8 (t)	1999 Ore (Mt)	1999 Grade (% U_3O_8)	1999 Contained U_3O_8 (t)
Stockpile	7.1	0.19	13,843	6.3	0.22	14,107
Ranger #3						
Proved and probable, in situ, cutoff grade 0.12%	14.9	0.29	43,483	17.1	0.29	49,546
Total Ranger #3 Proved and probable, cutoff grade 0.12%	22.0	0.26	57,326	23.4	0.27	63,653
Ranger Mineral Resources			inclusive of Reserve			
Measured	3.0	0.26	8,077	4.3	0.25	10,755
Indicated	18.6	0.26	48,923	19.5	0.26	51,210
Subtotal Measured and Indicated	21.6	0.26	57,000	23.8	0.26	61,965
Inferred	12.4	0.19	23,251	12.3	0.19	23,056
Total Resources	34.0	0.24	80,251	36.1	0.24	85,021
Jabiluka Ore Reserves						
Upgrade cutoff grade 0.2%						
Proved	6.8	0.57	39,000	11.5	0.46	52,800
Probable	7.0	0.45	32,000	8.1	0.46	37,600
Total Proved and Probable	13,8	0.51	71,000	19.5	0.46	90,400
Jabiluka Mineral Resources cutoff grade 0.2%			inclusive of Reserve			
Measured	6.8	0.67	46,000	12.5	0.53	66,500
Indicated	8.5	0.50	42,000	11.0	0.51	55,700
Subtotal Measured and Indicated	15.3	0.57	88,000	23.5	0.52	122,200
Inferred	15.7	0.48	75,000	5.3	0.49	25,900
Total Resources	31.1	0.53	163,000	28.8	0.52	148,100

Note 1: The ore reserves and mineral resources have been compiled by L. Hughes (Ranger) and A. van der Heyden, R. McMahon and A. Browne (Jabiluka). All are Competent Persons as defined in Appendix 5A of the ASX Listing rules and this report accurately reflects the information compiled by them.

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

Note 3: Approximately 6 per cent of the Jabiluka Total Ore Reserve tonnage is derived from material in the Inferred Mineral Resource category. Blocks from this category are included when these blocks fall within stope boundaries predominantly intersecting blocks from the Measured and Indicated Mineral Resource. The ore tonnage from Inferred has been included within the Probable Ore Reserve category to more closely reflect the confidence level.

Note 4: For Jabiluka, rounding as at 30 June 2000 indicates degree of confidence (ore tonnage to nearest hundred thousand; grade to nearest hundredth of a percent; contained metal oxide tonnage to nearest thousand).

Competent Persons

The information in this report that relates to Ranger Mineral Resources and Ore Reserves is based on information compiled by Lorry Hughes, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by ERA. The information in this report that relates to Jabiluka Mineral Resources is based on information compiled by Arnold van der Heyden, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Hellman & Schofield Pty Ltd. The information in this report that relates to Jabiluka Ore Reserves is based on information compiled by Ryan McMahon, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by North Limited. Supervision of information in this report that relates to both Jabiluka Mineral Resources and Ore Reserves has been undertaken by Andrew Browne, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by North Limited. Messrs Hughes, van der Heyden, McMahon, and Browne have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as Competent Persons as defined in the 1999 Edition of the "Australasian Code for Reporting Mineral Resources and Ore Reserves". Lorry Hughes, Arnold van der Heyden, Ryan McMahon, and Andrew Browne consent to the inclusion in the report of matters based on their information in the form and context in which it appears.

ORE RESERVES AND MINERAL RESOURCES

RANGER

The Ranger #3 strategic study was completed during the year. An increase in overall reserves for Ranger #3 was reported in 1999 with the inclusion of the Stage 4 estimated reserves.

The new Stage 5 encompasses the final mine design for Stage 4. As a result of ore mined during the year and the new information derived from the strategic study, overall reserves for Ranger #3 have decreased from 63,653 tonnes U_3O_8 estimated in 1999 to 57,326 tonnes U_3O_8 estimated in 2000.

Ranger #3 has a resource of 34 million tonnes of ore at a grade of 0.24 per cent U_3O_8 containing 80,251 tonnes of U_3O_8. Reserves consist of 14.9 million tonnes of ore at a grade of 0.29 per cent U_3O_8 containing 43,483 tonnes U_3O_8.

Stockpile reserves are 7.1 million tonnes of ore at 0.19 per cent U_3O_8 containing 13,843 tonnes U_3O_8.

JABILUKA

The Mineral Resource and Ore Reserves at Jabiluka have been revised, following underground exposure and drilling of the upper eastern sector of the Jabiluka orebody during 1999.

Previous estimates were based entirely on surface drill hole data, resulting in a geological interpretation of regular stratabound units with an assumption of smooth continuous grade. This allowed broad correlation between drill hole intercepts, and categorisation of mineralisation into large zones.

However, the new underground exposure revealed a much greater degree of structural control of the mineralisation, and a poorer degree of grade continuity. This has resulted locally in higher grades but less tonnage. Therefore, the criteria for categorisation of mineralisation have been altered to reflect this new geological interpretation and the better understanding of the orebody.

In the Mineral Resources tabulated, a larger proportion is now categorised as Inferred Resource compared with previous estimates due to the poorer grade continuity. The Inferred Resource comprises the same type of mineralisation as the Measured and Indicated Resources but is based on wider spaced drilling. The only implication is less certainty in this part of the total resource.

It is considered that the 2000 Mineral Resource estimate of the new interpretation represents a robust perspective of Jabiluka, confirmed by actual underground observations. The confidence level in the estimates is reflected in the rounding of the figures.

The Mineral Resource estimate has been audited by an independent consulting group and no material issues were found.

The Ore Reserves have been estimated following detailed underground mine design on those parts of the Resource classified as Measured and Indicated. Necessarily, some material from the Inferred Resource category has been included within the mine design. The proportion of material in the total Reserves derived from the Inferred Resource category is approximately 6 per cent. The estimated ore tonnage derived from material in the Inferred Resources category has been reported wholly to the Probable Ore Reserves category to more closely reflect the confidence level.

An increase in the reserve base is expected when further drilling is undertaken, converting more of the Inferred Resource to higher Resource categories, and thereby making this material available for further stope design.

The Jabiluka mineralisation is open to the east and at depth. Mineral Resources are estimated to be 31.1 million tonnes of ore at a grade of 0.53 per cent U_3O_8, containing 163,000 tonnes U_3O_8.

Ore Reserves are now estimated to be 13.8 million tonnes of ore at a grade of 0.51 per cent U_3O_8, containing 71,000 tonnes U_3O_8.

Aerial view of the 17.5 hectare Jabiluka mine site.

JABILUKA

As previously reported Stage 1 of the Jabiluka development, consisting of the decline, interim water management pond and surface facilities was completed in 1999 ahead of time and under budget. The Jabiluka site is now on a stand-by and environmental maintenance and planning phase.

Throughout 1999/2000 the Company has focussed on building better relationships with key stakeholders, particularly Aboriginal representatives. ERA is trying to more clearly understand concerns relating to the Jabiluka development so that the Company is able to address these concerns in a cooperative and coordinated manner.

Some underground drilling was undertaken during construction of the decline in 1999. This has led to a change in the Company's understanding of the orebody and an update to the resource estimate (see Ore Reserves, and Minerals Resources on page 6).

In October 1999 ERA made the decision to expand evaluation work to include a review of developing a processing plant at Jabiluka. This decision was made in response to advice from the Northern Land Council (NLC), which negotiates on behalf of Aboriginal Traditional Owners, that the NLC Full Council had decided not to consider any proposal in relation to trucking ore from the Jabiluka mine to the existing Ranger mill for processing, until at least January 2005.

Whilst disappointing ERA, as requested, is continuing to provide the NLC with information about its business, including development options for Jabiluka.

The Company remains of the opinion that the option of processing the ore at the existing Ranger plant delivers better environmental, social and economic outcomes. However, the progression of the Jabiluka development is reliant upon the continued involvement of, and decisions to be made by, the key stakeholders. To date steady progress has been made in building stronger relationships with key stakeholders.

The Australian Government reported to the UNESCO World Heritage Committee during June 2000 on progress in relation to earlier commitments made to the Committee. The report can be viewed on the internet at www.environment.gov.au/kakadu/kakaduapril.pdf

Through the integral involvement of the Aboriginal Traditional Owners, ERA remains committed to a Cultural Heritage Management Plan for the Jabiluka development. The Federal Government has proposed a facilitator to assist the Aboriginal Traditional Owners and ERA towards the development of the plan. This has yet to be agreed with Aboriginal Traditional Owners.

As part of the ongoing environmental work, the Company devised and placed a cover over the mineralised stockpile at Jabiluka.

Key stakeholders have also been consulted on a water treatment plant to purify water in the interim water management pond to an acceptable standard for on-site irrigation. This is being trialled to minimise retained water levels.

Employees >

ERA mine employees Bill Monaghan, Rachael Walker and Barbara Armstrong

Following the results of the radiation investigation studies undertaken as part of Stage 1 of the Jabiluka development, the Company is now confident that future mine employees will be exposed to lower levels of radiation than predicted by the Jabiluka Environmental Impact Study (EIS). The radiation investigation studies measured lower actual radiation emanations from all sources compared to levels predicted in the EIS.

ELECTRICITY SUPPLY

ERA has rearranged the distribution of electricity to the town of Jabiru. The Company is the sole provider of electricity to the town, producing electricity from a diesel power station and a waste heat steam turbine that utilises excess steam from the Acid Plant.

By applying technology in an innovative way, ERA has been able to direct all electricity from the steam turbine to Jabiru maintaining existing power levels. This rearrangement allows the mine to be supplied with diesel generated power and thus be eligible for the Diesel Fuel rebate. The Australian Taxation Office has approved this arrangement, which will provide significant long-term savings for the Company.

The past year has been one of significant change for ERA employees as the Company moves to restructure its workforce to empowered work teams.

As part of this process ERA is flattening the structure at Ranger to three levels. The Management Team at Ranger works together as the overall site strategic team. This team has set itself stretch targets in order to achieve a smarter way of doing business for ERA. Many of these targets are well on the way to being met and have contributed significantly to successful programs implemented during the year.

Pilot programs are currently in place with further self-directed work teams: the tactical teams, which consist of those at supervisory, technical and coordinator levels; and the production teams which comprise the majority of employees. Each of these teams will ultimately make the key decisions for their own area of work.

Implementation of self-directed work teams across the whole site will be progressed over a 12-month period. A detailed in-house training program has been developed which supports, provides mentoring and coaches employees in the team environment. Employees are to be congratulated on their commitment to this new structure.

As part of the restructure several retrenchments took place in the Sydney office during the year and the Sydney office relocated to more economical premises.

Over 90 per cent of employees are now covered by individual Australian Workplace Agreements.

Turnover of Ranger employees was 25 per cent (1999: 19 per cent) with the total number of employees at Ranger being 224 at 30 June 2000.

2000 is the ninth consecutive year Ranger has operated without losing a day to industrial action.

SAFETY AND HEALTH

The Ranger Operation had two significant injuries during the 1999/2000 reporting period.

Table 5: **AVERAGE EXPOSURE TO RADIATION**

CALENDAR YEAR	1999	1998	INTERNATIONAL LIMIT
Designated employees (working in mine or mill)	2.2 mSv	3.2 mSv	20-50 mSv
Non-designated employees (office, workshop stores)	1.3 mSv	1.4 mSv	5 mSv
Community	0.007 mSv	0.03 mSv	1 mSv above background

- An injury occurred in the Acid Plant on the 14th of September 1999. The incident involved an operator receiving acid burns after a pipe coupling failed during a routine acid transfer.
- An injury occurred in the Mill Wet Circuit on the 5th of June 2000 when an operator sustained acid burns to his right arm when he was sprayed with acid after cutting into an acid line.

Both operators have returned to work.

ERA regrets these incidents and the impact they have had on the employees and their families. The Company is continuing to review operational and maintenance procedures and has put in place improved systems to ensure such incidents do not occur again.

Despite having a Lost Time Injury Frequency rate better than the Metalliferous Open Cut average, the two incidents have highlighted the need to improve the safety culture at Ranger and this objective will be paramount in the coming year.

ABORIGINAL EMPLOYMENT

ERA practices an affirmative action Aboriginal employment program aimed at increasing Aboriginal employment levels. This is part of a program to raise direct benefits from ERA's operations to the local community. At 30 June 2000 there were 45 Aboriginal employees (1999: 36), representing 20 per cent of the workforce (see Community section, pages 13–14 for specific details on employment programs put in place).

In line with the Company's policy of providing meaningful employment opportunities and career paths for Aboriginal people, the Company, for the first time, appointed an Aboriginal person as a Supervisor in the Mill Day Crew. The Company aims to be able to appoint an Aboriginal person to the Ranger Management Team within the next few years.

RADIATION LEVELS

ERA monitors radiation levels for employees, the community and the environment, following the limits set by the International Commission on Radiological Protection (ICRP). Limits of 100 millisieverts (mSv) over five years (average 20 mSv per year) or 50 mSv in any one year have been set.

No individual was exposed to unacceptable levels of radiation as can be seen in Table 5.

According to the United Nations Scientific Committee on the Effects of Atomic Radiation an average annual worldwide dose of less than 0.0002 mSv is attributable to nuclear energy production. This compares with average worldwide doses from natural background radiation of 2.4 mSv and average doses from medical examinations of 0.4 mSv.

Environment >

Production Coordinator, Wayne Hunter, checks the Reverse Osmosis plant.

WATER AND TAILINGS MANAGEMENT

Rainfall during the wet season was well above the average of 1,484 mm at 1,968mm, resulting in the highest recorded rainfall since production commenced at Ranger.

This has led to an increase in water volumes stored in the Ranger system. In order to ensure water inventory remains well managed, a second wetland filtration system was added to the site. Wetland filtration utilises native aquatic grasses and vegetation to remove heavy metal contaminants from the water prior to its passage off site. This system uses the same processes that occur naturally in wetland swamps and billabongs in the Top End.

Tailings continued to be pumped directly into the Pit #1 tailings repository. No water is released from the tailings dam or the Pit #1 repository and excess water is managed through natural evaporation and recycling through the processing system. Tailings density continued to meet statutory requirements.

ENVIRONMENTAL MANAGEMENT

On 9 January 2000 the new Authority to operate at Ranger came into force. As a condition of this Authority new environmental requirements (ERs) for Ranger were put in place.

These new ERs reflect the changes in technology and build upon the extensive knowledge gained from mining in the region over the past 20 years and are designed to provide the highest level of environmental protection. They enable management of environmental issues that will allow the high level of protection being achieved to continue.

ERA's performance at both Ranger and Jabiluka continues to be closely scrutinised by the Supervising Scientist and the Northern Territory Government. As well as constant monitoring, the Supervising Scientist and the Department of Mines and Energy undertake twice-yearly audits of both sites. A stakeholder group, which includes representatives of the local Aboriginal community and environmental groups review these audits.

The Supervising Scientist reported in the 1998/1999 Annual Report:

"Assessments showed that the environmental management regime at Ranger continues to operate in a way that poses no immediate nor long-term substantial threat to the surrounding environment of Kakadu National Park."

And in relation to Jabiluka

"The general level of environmental management was satisfactory and no detrimental off-site environmental impacts were reported or observed."

ENVIRONMENTAL INCIDENTS

ERA must report any infringements of environmental requirements and conditions, regardless of whether or not an infringement has any environmental impact.

ERA recognises engineering systems and human processes are not perfect and aims to continually improve methods designed to manage the risks associated with its operations.

During 1999/2000 there were four technical infringements at Ranger (detailed in the following points), and no technical infringements at Jabiluka. While none of these infringements were considered by the authorities to have any detrimental impact on the surrounding environment, any infringement is unacceptable to ERA and the aim of no infringements remains a goal for the Company.

- 5 August 1999 – a small quantity of Retention Pond 2 water was used outside the Restricted Release Zone (RRZ) to fight a bushfire. It is estimated less than five cubic metres of water was involved. Although this action had no detrimental environmental impact it constitutes a technical infringement.
- 28 April 2000 – ERA notified key stakeholders it had discovered and repaired, on 4 April 2000, a leak of process water from the pipeline carrying water from the tailings dam to the mill. The incident involved process water, and not solid tailings. The Supervising Scientist has estimated that approximately 85 cubic metres of mill water had seeped out of the containment area and into the man-made wetland filters. There was no detrimental environmental impact.

  The Company mistakenly delayed reporting of the incident (constituting a further infringement) and recognises genuine stakeholder concerns as a result of this delay. This delay resulted in detailed investigations being undertaken by ERA, North Limited, the NT Department of Mines and Energy and the Supervising Scientist. Actions are currently underway to correct the problems caused by this delay including closer involvement with Aboriginal people in our operations. ERA will be working with stakeholders to implement recommendations of the Supervising Scientists' Report. To view a copy of the report on the internet visit: www.environment.gov.au/ssq/ranger–leak/index.html
- June 2000 – a weekly non-RRZ water release report was submitted after the due date.

ENVIRONMENTAL RESEARCH

Environmental research and development remained a key focus of ERA during the year with $1.4 million of spending undertaken in this area.

Twenty-seven research projects were undertaken or are continuing with six of these related to Jabiluka and 21 related to Ranger.

ENVIRONMENTAL SERVICES

ERA Environmental Services changed its name to Earth-Water-Life Sciences (EWL Sciences Pty Ltd) during the year. EWL Sciences is a wholly owned subsidiary of ERA and provides specialist environmental consultancy services to ERA, North Limited and external customers.

EWL Sciences revenue for the year ended 30 June 2000 was $2.7 million, of which $0.9 million was generated from external projects. The Company concentrated a majority of its expertise during the year on environmental research for the Jabiluka development.

Community >

Trainees Ricky Henda and Neddy Tambling with Environment Field Officer Lizzy Huddleston.

ERA continued its policy of supporting local community initiatives. The Company donated $10,000 to the Jabiru Wind Festival for the support of indigenous bands and provided significant support for various community clubs through sponsorship or provision of services.

A number of employees and employees' partners and members of the local community are to be congratulated following their participation in the Olympic Torch relay, having been selected as a result of their contribution to community services.

The Company concentrated its efforts on working with the local Aboriginal community towards providing culturally acceptable solutions to many of the difficulties identified by the Aboriginal people in the Kakadu Region Social Impact Study (KRSIS).

A report on the KRSIS and initiatives that have resulted since November 1998 has been released by Implementation Committee Chairman, Bob Collins.

The ERA Aboriginal Community Development Office was expanded and now includes an Aboriginal Policy Development Officer and Senior Aboriginal Affairs Officer. ERA recognises that as a Company it cannot, and should not, provide unilateral solutions, rather these solutions should be driven by the community, and ERA, along with other stakeholders, can provide assistance where required.

ERA is also a supporter of the reconciliation process and several employees participated in Corroboree 2000 in Sydney.

LOCAL ABORIGINAL PEOPLE

The Northern Land Council (NLC) acts as the legal representative of the local Aboriginal people in all negotiations.

The Mirrar Clan is recognised by the NLC as the owners of the Ranger and Jabiluka land. The Mirrar are represented by the Gundjehmi Aboriginal Corporation and has approximately 28 members. The Gagudju Association has approximately 250 members and the Djabulukgu Association has approximately 90 members. The Mirrar people are members of all three groups. Members of all these groups have some association to the Ranger and Jabiluka land.

One of the senior Aboriginal men who ERA has worked closely with throughout its history, passed away during 2000. This man was widely recognised as a tireless worker for the betterment of his people. ERA would like to recognise this man and extend sympathy to his family and friends.

ASSISTANCE IN THE ABORIGINAL COMMUNITY

ERA stepped up its activities and support in regard to employment of Aboriginal people with its aim to further increase employment levels, particularly of local Aboriginal people.

New initiatives to increase Aboriginal employment included:

- Establishment of an Aboriginal Employment Committee to provide employment pathways for Aboriginal people wishing to take up employment with ERA;

- Workplace Education Literacy and Learning (WELL) program implemented with up to 12 regular participants;
- Established a site office for an expanded mentor program providing a 24 hour helpline for employees and supervisors and counselling assistance for Aboriginal employees;
- Establishment of an ERA Community Traineeship Program with a three year duration, creating permanent employment for 25 local Aboriginal people;
- A host program has been established with the Community Development Employment Program (CDEP) where Ranger hosts people from CDEP for four hours a day (ERA provides a full-time employee to coordinate the CDEP which is run by the Djabulukgu Association);
- Networking with universities throughout Australia for participation in graduate programs and any specialist vacancies that become available;
- Updated a database of Aboriginal people wishing to participate in employment at ERA; and
- Provision of an internal newsletter focussing on Aboriginal issues, new starters, training programs, and general news.

Other local activities in relation to the Aboriginal community, supported by, but not directly undertaken by, ERA included:

- An interactive program at Jabiru School which provides motivation for Aboriginal children and provides a positive role model that links the value of education to the development of a positive career path;
- The set up of a night patrol and night shelter by the Djabulukgu Association; and
- Training of local Aboriginal people in the hospitality industry to enable employment in the Aboriginal owned Crocodile Hotel.

Table 6: **VALUE ADDED** $ million

YEAR ENDED 30 JUNE	2000	1999	1998	1997	1996
Value Added					
Sales & other revenue	185.5	174.5	201.5	239.9	188.6
Less cost of materials & services	54.0	51.0	79.0	101.1	69.6
Total Value Added (Wealth created by ERA)	131.5	123.5	122.5	138.8	119.0
Distribution of Created Wealth					
Employees' salary & wages	12.6	13.8	11.6	9.7	8.6
Government					
company income tax	9.5	21.3	20.9	31.1	17.8
environmental research contribution	1.6	1.6	1.6	1.5	1.5
personal income tax	6.0	5.9	5.3	4.5	3.6
royalties (Aboriginals Benefit Reserve and NLC)	8.5	7.2	8.6	7.1	6.1
royalties (NT Government)	2.4	2.1	2.5	2.0	1.7
other taxes and payments	3.1	3.5	3.4	2.8	2.5
total	31.1	41.6	42.3	49.0	33.2
Interest to lenders (net)	2.0	2.7	1.2	2.2	2.3
Dividends					
Reinvested in the business	93.5	26.7	26.7	26.7	26.7
depreciation and amortisation*	51.1	43.5	40.7	37.4	34.2
retained profit from operations	(58.8)	(4.8)	0.0	13.8	14.0
total	(7.7)	38.7	40.7	51.2	48.2
Total Value Distributed	131.5	123.5	122.5	138.8	119.0

* Depreciation in 1999 and 2000 represents the amount included in cost of sales. Other years depreciation represents amounts charged to cost of production.

ROYALTIES

ERA paid $10.9 million in Ranger royalty type payments to the Commonwealth Government during the 1999/2000 financial year. A total of $163.9 million has been paid for Ranger since the inception of the project.

$1.8 million was paid in royalties for the use of the Jabiluka area and payments for Jabiluka now total $5.5 million.

Marketing >

Dean Roddis, Warren Davies and Greg Hall, the ERA marketing team, discuss the state of the market.

RANGER SALES

The majority of sales during the 1999/2000 financial year were of Ranger based origin. Sales increased to 4,514 tonnes U_3O_8 (1999: 4,006 tonnes U_3O_8).

Sales levels were 370 tonnes more than production. This reduction in inventory, together with the repayment of the JAURD loan, allowed the Company to achieve its aim of optimising inventory.

It is expected sales in 2000/2001 will increase to between 4,500 and 5,000 tonnes U_3O_8.

Third party sales were minimal at three tonnes U_3O_8 (1999: nil).

ERA sells uranium only for use in nuclear power facilities for generation of electricity. Strict international and bilateral safeguards apply to all sales, ensuring uranium is used for peaceful purposes. The Australian Safeguards Office (www.dfat.gov.au/aso/home), the Commonwealth Government and the International Atomic Energy Agency (www.iaea.org) oversee sales. There has never been a diversion of nuclear material from a genuine civil nuclear electric power program to weapons.

NEW CONTRACTS

ERA signed three new long-term contracts during 2000. Two of these were with East Asian utilities and one provides for deliveries into the US utility market.

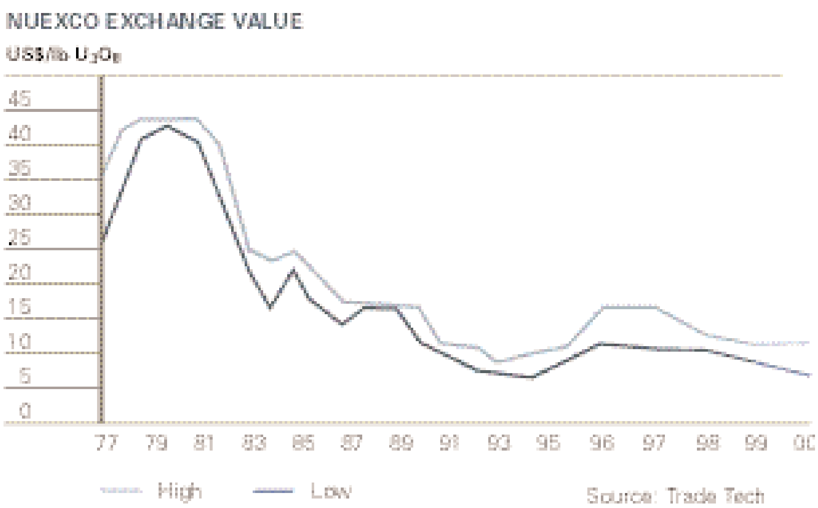
The Company now has contracts in place for over 23,000 tonnes U_3O_8 over the next eight years.

The Company remained the third largest uranium producer in the world supplying 7 per cent of western world uranium requirements. The Ranger mine was the second largest individual operating mine in the world during the 1999 calendar year.

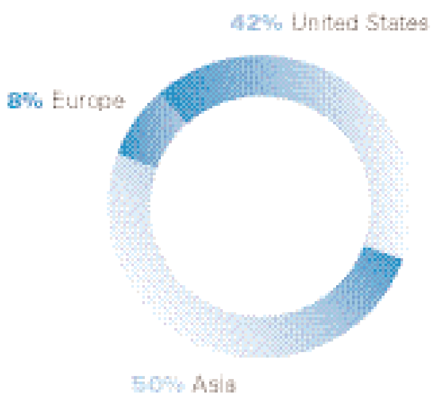
SPOT MARKET

The restricted spot market averaged US$9.34 per pound U_3O_8 during 2000, (1999: $10.07), dropping to a low of US$8.10 per pound U_3O_8 by 30 June 2000.

These prices are a reflection of the low volumes sold on the spot market during 2000, sales by intermediaries representing CIS supplies, sales by the recently privatised United States Enrichment Corporation, together with continued utility inventory



ERA SALES REVENUE BY REGION



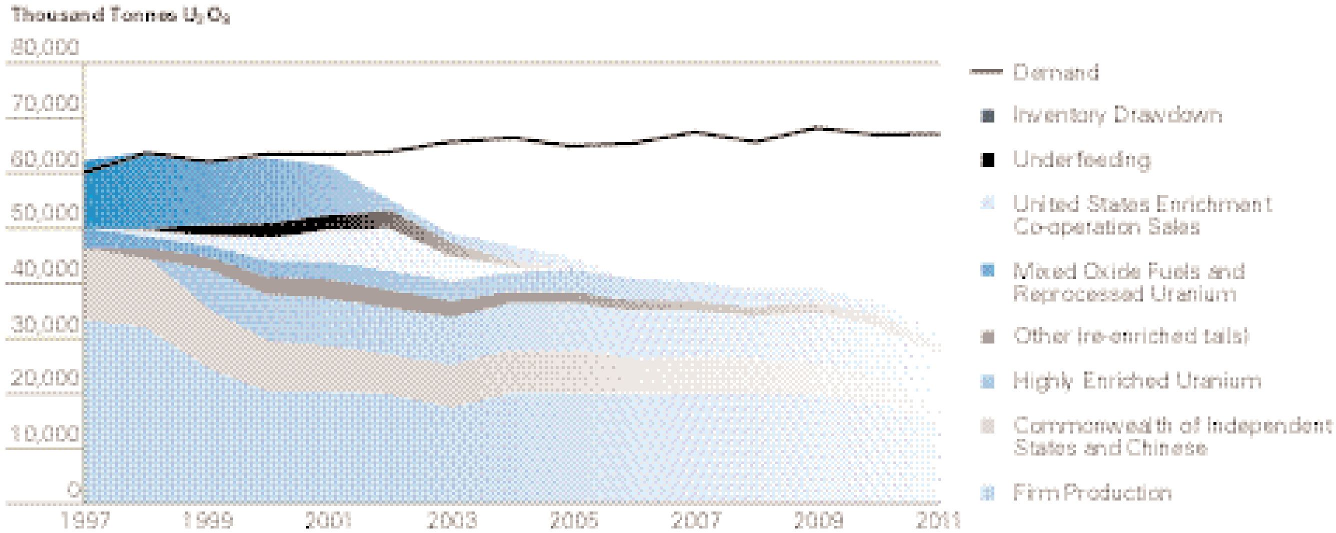
draw down and expanded Australian uranium production.

At the beginning of 1999, utilities showed a preference for buying on the spot market and delaying long-term purchases. By the end of 1999 and into 2000, the reverse situation held true. As a few producers and many secondary suppliers vie for market share with very attractive long-term prices, demand that would otherwise be placed on the spot market is being covered under extensions of existing term or new long-term contracts.

Although ERA does not sell on the spot market, more than 50 per cent of its long-term contracts have pricing mechanisms related to spot prices.

ERA remains confident that the long-term restricted spot price will not stagnate at these levels, taking account of the fundamentals of supply and demand. In 1999 secondary supplies, including CIS, accounted for 56 per cent of western world demand.

ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



Directors' outlook >

Malcolm Broomhead
Chairman

Robert Cleary
Chief Executive

Alex Carmichael

Richard Carter

Brian Hickman

Timothy Knott

Didier Panthout

Masuo Shibata

During the financial year 2000/2001 the Company is expecting to increase profit as it increases both production and sales to between 4,500 and 5,000 tonnes U_3O_8. It is currently expected ERA will continue to pay normal dividends out of profit.

As requested, the Company will continue to provide information to the Northern Land Council on its development plans for Jabiluka and is anticipating to commence limited production from Jabiluka in the coming year.

MARKET

Production of uranium concentrates in calendar year 1999 for the western world was 27,900 tonnes, a reduction of 30 per cent (1998: 40,000 tonnes). This represented only 44 per cent of western world demand of 63,000 tonnes uranium.

The remaining demand was filled by secondary supplies including the natural feed component of Russian highly enriched uranium (HEU), reprocessed tailings, former CIS uranium production and utility inventory reductions.

Although the majority of the current uranium market is supplied by secondary sources, long-term market fundamentals have not changed, with new production required to meet long-term demand into the current decade.

The International Atomic Energy Agency reports that currently 439 reactors are operating worldwide supplying 17 per cent of the world's electricity. A total of 31 reactors are under construction and a further 53 are on order or planned.

Nuclear electricity produces no greenhouse gases. The Kyoto Protocol, which has yet to enter into force, requires developed countries to reduce their greenhouse gas emissions by at least 5 per cent by 2008–2012. However, the reduction of greenhouse gas emissions is no easy task. Japan's carbon dioxide emissions have risen by 10 per cent, the United States by 12 per cent and the European Union has simply held ground. The next meeting with respect to the Kyoto Protocol is in The Hague, at which it is hoped the beneficial role of nuclear power will have a greater hearing.

A number of reactor sales and three major utility mergers have occurred over the last 18 months. The net result of this activity is to produce a nuclear utility industry (particularly in the US) that is more consolidated and better able to continue the operation of reactors from both an economic and regulatory standpoint. Importantly, two plants in the US had their operating licences extended by the Nuclear Regulatory Commission, with six further plants awaiting possible extension.

The Tokaimura accident in Japan in 1999 has had a negative impact on the Japanese nuclear program. The Japanese Government has agreed to revisit Japan's energy policy and will possibly cut back on its plan to build 16 to 20 new nuclear plants by 2010.

Political issues in Germany and Sweden have slowed nuclear power prospects in these countries.

The Russian HEU deal was signed during the year but proved to be very complex. The western companies involved purchased the natural feed component from the diluted Russian HEU during 1999, however the situation with respect to 2000 is not yet apparent. Any volumes not purchased will revert to the Russians as envisaged in the original agreement.

On the other hand, the enrichment component of the Russian HEU deal continues to be purchased by the United States Enrichment Corporation (USEC) at an escalated price through to 2001 which is currently higher than the spot prices for enrichment services. As at year end the Russian principal to the deal, TENEX, has entered into a new agreement, yet to be ratified, whereby TENEX will sell the nominated enrichment component to USEC over the period 2002 to 2013 at a price that is market related. The new agreement also calls for USEC to buy an additional one million commercial enrichment services per year over a three year period.

The US International Trade Commission (ITC) found that imports of natural uranium from Kazakstan and Uzbekistan did not constitute a threat to the US uranium industry, and hence restrictions on these imports to the USA were lifted.

The year ended with new low-cost production from McClean Lake and McArthur River in Saskatchewan, Canada. In Australia, expansion of the Olympic Dam project was completed and the Beverley mine in South Australia was approved.

Directors' Report >

FOR THE YEAR ENDED 30 JUNE 2000

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the financial report of the Company and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2000 and the auditors' report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

NAME AND QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr M W Broomhead BE, MBA, CEng Chairman	47	Was appointed to the ERA Board in January 1992, as Deputy Chairman in February 1994 and as Chairman in January 1999. Mr Broomhead was previously a Director of North Limited.
Mr A Carmichael, AO CBE, BSc Director	63	Was appointed to the ERA Board in February 1993 and was previously a Director of North Limited.
Mr R Carter BCom, FTSE, FAusIMM, FAIM Director	57	Was appointed to the ERA Board in November 1999. Mr Carter is a Director of North Limited and Chairman of Ticor Ltd and Zeal Consulting. Mr Carter is also the Chairman of the Prahran Mission and a Councillor of the Victorian Chamber of Mines. He is a past president of the Australasian Institute of Mining and Metallurgy.
Mr R A Cleary BSc(Tech), Chem Eng Chief Executive	56	Was appointed Chief Executive and a Director of ERA in July 1999. Mr Cleary previously held the positions of Deputy Chief Executive and General Manager, Operations.
Dr B S Hickman BSc, MSc, DSc, FAusIMM, FTSE Director	67	Was appointed to the ERA Board in August 1997. Dr Hickman is a Director of Illawarra Technology Corporation Ltd, ARRB Transport Research Ltd and Chairman of the Australian Mineral Foundation. He was formerly Managing Director of AMDEL Ltd.
Mr T J Knott LLB, FCIS, FCIM Director	55	Was appointed to the ERA Board in January 1999. Mr Knott was previously Executive Director, Finance of North Limited, and is a former Director of Iron Ore Company of Canada, Robe River Iron Associates and Zinkgruvan Mining AB.
Mr D Panthout Director	45	Was appointed as an Alternate Director to the ERA Board in January 1996 and as a Director in October 1998 at the nomination of the B Class shareholders. Mr Panthout, a business administration graduate, is Financial Controller at the Cogema Mining Business Unit. He was formerly Managing Director of Cogema Australia Pty Ltd.
Mr M Shibata Director	70	Was appointed to the ERA Board in February 1991 at the nomination of the C Class shareholders. Mr Shibata is President of Japan Australia Uranium Resources Development Co Ltd (JAURD) and also President of Japan Indonesia LNG Co Ltd (JILCO).
Mr P J Shirvington MSc Director	59	Was appointed Chief Executive and a Director of ERA in March 1994 and resigned from both positions in July 1999.
Mr T Barlow BE(Hons) Director	71	Was appointed to the ERA Board in February 1996 and resigned in October 1999. He is a former Executive Director of CRA Ltd and former Chairman of Melbourne Water Corporation.

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

DIRECTOR	DIRECTORS' MEETINGS NO. ATTENDED	NO. HELD*	AUDIT COMMITTEE MEETINGS NO. ATTENDED	NO. HELD*
M Broomhead	7	7	3	3
A Carmichael	7	7	3	3
R Carter	4	4	–	–
R Cleary	6	6	–	–
B Hickman	7	7	3	3
T Knott	7	7	–	–
D Panthout	5	5	2	3
M Shibata	2	2	–	–
P Shirvington	1	1	–	–
T Barlow	3	3	–	–
J Marlatt (alternate for D Panthout)	2	2	–	–
S Chida (alternate for M Shibata)	2	2	–	–
K Takai (alternate for M Shibata)	2	2	–	–
K Tsuzuku (alternate for M Shibata)	1	1	–	–

* Reflects the number of meetings held during the time the Director held office in the 2000 financial year.

Note: On the occasions that Messrs D Panthout and M Shibata could not attend a meeting of Directors their alternates attended as required by the Articles of Association.

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

DIRECTOR	ERA*	NORTH**
M Broomhead	–	166,250 82,500 Options
A Carmichael	–	15,233
R Cleary	–	13,250 80,000 Options
B Hickman	1,000	1,000
T Knott	–	7,628 70,000 Options
R Carter	–	21,964

KEY:

* ERA: ordinary shares.

** North: North Limited – ordinary shares. (Options to subscribe for ordinary shares under the North Limited Share Option Incentive Plan).

Between 30 June 2000 and the date of this report, Mr M Broomhead and Mr R Cleary have exercised 155,000 and 80,000 options in North Limited respectively.

During the year, North Limited granted each Executive Director of ERA (and North Limited) 250 shares in North Limited under the North Limited Employee Share Scheme. The shares were granted to Executive Directors on the same terms and conditions as those granted to other employees.

During the year, Directors purchased 1,528 shares and had lapse 100,000 options.

PRINCIPAL ACTIVITIES

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

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

(ii) environmental consulting by its wholly owned subsidiary Earth-Water-Life (EWL) Sciences Pty Ltd.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were:	$000
In respect of the previous financial year:	
• As proposed and provided for in last year's financial report, paid on 22 September 1999, a final dividend of $0.11 per share, franked to 100% with Class C (36%) franking credits	20,981
In respect of the current financial year:	
• A special dividend of $0.31 per share franked to 100% with Class C (36%) franking credits, was paid on 16 December 1999	59,128
• An interim dividend of $0.10 per share franked to 100% with Class C (36%) franking credits, was paid on 28 February 2000	19,074
• A final dividend of $0.08 per share, franked to 100% with Class C (34%) franking credits was declared on 15 August 2000, payable on 22 September 2000	15,259
Total dividends provided for or paid in respect of the year ended 30 June 2000	93,461

The Company's Dividend Reinvestment Plan and Bonus Share Plan did not operate in respect of the special dividend or interim dividend and will not operate in respect of the final dividend.

REVIEW AND RESULTS OF OPERATIONS

The operating profit after tax for the consolidated entity for the year ended 30 June 2000 was $34.7 million (1999: $21.9 million). Sales revenue for the year ended 30 June 2000 was $181.8 million (1999: $172.9 million).

A full review of the operations of the consolidated entity during the year ended 30 June 2000 and the results of those operations is shown in this Annual Report in the sections entitled Chairman and Chief Executive's Report, Finance, Operations, Development, Employees, Environment, Community, Marketing and Directors' Outlook (pages 2 to 18).

STATE OF AFFAIRS

Earnings before interest and tax increased slightly to $46.3 million (1999: $45.8 million) for the year ended 30 June 2000.

The increase can largely be attributed to increased sales to 4,514 tonnes U_3O_8 (1999: 4,006 tonnes U_3O_8), although the effect of this has been offset by a lower average spot (market) price of US$9.34 per pound U_3O_8 for the year (1999: US$10.07 per pound U_3O_8).

The restatement of ERA's deferred tax balances following the announcement of reductions in the corporate tax rates from July 2000, increased operating profit after tax by $12.3 million.

Three new sales contracts were signed during the year, with contracts now in place for over 23,000 tonnes of production over the next eight years.

Full year production (drummed) decreased to 4,144 tonnes U_3O_8 (1999: 4,375 tonnes U_3O_8).

Stage One of the Jabiluka development, consisting of the decline, interim water management pond and surface facilities was completed in August 1999. The Jabiluka site is currently on a stand-by, environmental maintenance and planning phase.

Throughout 1999/2000 the Company has focussed on building better relationships with key stakeholders, particularly Aboriginal representatives, to more clearly understand concerns relating to the responsible development of Jabiluka so the Company is able to address these concerns in a cooperative and coordinated manner. ERA, as requested, continued to provide the Northern Land Council with information about its business, including development options for Jabiluka.

Net debt decreased during the year to $55.1 million at 30 June 2000 (1999: $72.4 million).

Capital expenditure for the year was $12.1 million (1999: $45.0 million) relating to costs associated with the development of Jabiluka and sustaining capital requirements for the Ranger site.

ENVIRONMENTAL REGULATION

The Ranger operation has had no detrimental impact on the surrounding environment over its 20 years of operation.

During the year there was a leak in the pipe that returns process water from the tailings repository to the processing plant, which received widespread media coverage. Elevated levels of contaminants contained in the leak did not escape from the Ranger Project Area and did not have any detrimental impact on the environment, however, the Company recognises the leak is unacceptable and is undertaking a program of work to prevent this type of incident.

ERA operates in accordance with relevant Federal and Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations. The Company's Environmental Requirements (ERs) were updated during the year by the relevant authorities.

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

During the year there were four technical infringements reported by ERA at Ranger and none at Jabiluka. The independent Authorities have concluded that all infringements, which included late reports and use of pond water to fight a bushfire, were minor with no detriment to the environment.

Further details of ERA's environmental performance are included in the Environment Section of the Annual Report (pages 11-12):

EVENTS SUBSEQUENT TO BALANCE DATE

Rio Tinto plc (incorporated in the UK) has gained control of North Limited and becomes the Company's new ultimate parent entity. The financial effect of the change of control of the Company, if any, is not able to be reliably estimated, and has not been recognised in the financial statements.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

LIKELY DEVELOPMENTS

In the opinion of the Directors, likely developments in the operations of the consolidated entity known at the date of this report have been covered within the Annual Report, the Balance Sheet and Profit and Loss Statement and notes thereto.

A review of developments and the expected results for ERA is presented in the sections entitled Chairman and Chief Executive's Report and Development in this Annual Report.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' and senior executives' remuneration and benefits are set out in note 25.

SHARE OPTIONS

No options on shares in ERA or in any controlled entity have been granted during the financial year and up to the date of this report nor are any such options outstanding.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Article 179 of the Company's Articles of Association provides that every Director, Manager, Officer, Employee or Auditor of the Company shall be indemnified out of the funds of the Company against all liability incurred by them in defending any proceedings in which they are successful.

The Corporations Law prohibits a company from indemnifying directors, secretaries, executive officers and auditors from liability except for liability to a party, other than the Company or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and except for liability for costs and expenses incurred in defending proceedings in which the officer or auditor is successful. An indemnity for officers or employees, who are not directors, secretaries or executive officers, is not expressly prohibited by the Corporations Law.

The Directors and Secretaries of the Company, and all former Directors and Secretaries have the benefit of the indemnity in Article 179.

The indemnity also applies to executive officers of the Company (being the Chief Financial Officer and General Managers and other executives and managers who are concerned with, or take part in the management of the Company) as well as other employees.

KPMG, as Auditor of the Company, also has the benefit of the indemnity in Article 179.

Insurance

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability.

The policy indemnifies all Directors and Officers of ERA and its controlled entities (including the Directors, Secretaries, and Executive Officers referred to above) against certain liabilities.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Directors have not included details of the nature and of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' Liability as such disclosure is prohibited under the terms of the contract.

INFORMATION ON AUDITORS

KPMG continues in office.

Signed at Sydney this 15th day of August 2000 in accordance with a resolution of the Directors.

MW Broomhead
Director

Corporate Governance Statement >

FOR THE YEAR ENDED 30 JUNE 2000

This statement outlines the main corporate governance practices that were followed during the financial year. In developing these practices, the Company recognises that the minimum standard of behaviour laid down in the Corporations Law is not by itself adequate to ensure that the best interests of the corporation are properly served.

THE ROLE OF SHAREHOLDERS

The Company's shareholders vote on the appointment of Directors.

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

- distributing the annual report to all shareholders;
- preparing quarterly financial reports and making these available to all shareholders; and
- advising shareholders from time to time of key issues affecting the Company.

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

Shareholders are encouraged to communicate with the Company if they have issues concerning the Company.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Company's strategy and goals.

SHAREHOLDERS' AGREEMENT

The float of ERA in 1980 involved the issue of A Class shares to members of the public, as well as B and C Class shares to ERA's major customers. Prior to the float, the major shareholders and ERA entered into a Shareholders' Agreement to govern certain aspects of the conduct of ERA's affairs and their relationship with each other in the future. The current parties to the Shareholders Agreement are North Limited, the B and C Class shareholders and ERA.

Among other things, the Shareholders' Agreement contains restrictions on the issue of further A, B and C Class shares (except in certain circumstances). It requires ERA to seek listing of any B and C Class shares which are converted into A Class shares and grants the B and C Class shareholders certain rights of first refusal to purchase from ERA a proportion of additional uranium concentrates which arise in certain circumstances.

The Shareholders Agreement provides for the establishment of an Advisory Committee, called the Operations Review Committee to which the B and C Class shareholders and North Limited may appoint representatives.

In addition, the Shareholders' Agreement contains various restrictions on the sale of the parties' shares in certain circumstances, as well as containing a commitment by the shareholders to support a dividend policy which aims, so far as is prudent and having regard to ERA's contractual commitments and viability, to ensure that at least 75% of ERA's published audited after tax profits are distributed by way of dividend.

BOARD COMPOSITION

ERA is owned 68.4% by North Limited, 14.5% by B Class shareholders, 10.6% by Japanese customers (C Class shareholders) and 6.5% by the general public. Board representatives reflect this ownership structure with four Directors appointed by North Limited, one Director each for B and C Class shareholders, one Director independent of the major shareholders and the Chief Executive.

As an overall objective, the composition of the Board seeks to provide an appropriate range of experience, skills, knowledge and perspectives to enable it collectively to appoint, guide and supervise high quality management of the Company's business.

Recognising the special responsibility of non-executive Directors for supervising executive management, and the importance of independent views, the roles of Chairman and Chief Executive are separated.

All of the Directors of the Company are experienced in the management of resources and/or related industries. Where necessary specific education for new Directors, about the nature of the Company's business, current issues, corporate strategy, etc., is provided.

The Directors are all fully aware of their responsibilities to act on behalf of the Company and all shareholders. A new Director is provided with necessary documentation such as a copy of the Company's Memorandum and Articles of Association and Standards of Business Conduct.

Under the Company's Articles, the maximum number of Directors is nine.

The Board comprises eight Directors, details of which are set out on page 19. Messrs M Broomhead, A Carmichael and T Knott were Directors of ERA's 68.4% parent Company, North Limited. Mr R Carter is currently a Director of North Limited. Dr B Hickman is an independent Director.

Under the Company's Articles, B and C Class shareholders, who represent ERA's major customers, have special Director appointing powers, entitling each class to appoint one Director to the Board. Mr D Panthout has been appointed by the B Class shareholders and Mr M Shibata, by the C Class shareholders.

Mr R Cleary is ERA's Chief Executive and is the only executive Director of the Company.

The Company's Articles require that Directors, other than B and C Class Directors, submit themselves for re-election by shareholders at the first general meeting following their appointment. Furthermore, approximately one third of all Directors, other than B and C Class Directors, retire by rotation each year and must be re-elected by shareholders in order to remain on the Board.

BOARD APPRAISAL

Having regard to the ownership structure of the Company, the evaluation of Directors' performance is the responsibility of the relevant class of shareholder. The Directors nominated by North Limited are assessed under the North Board guidelines, whereby the performance of each Director is assessed against a range of relevant criteria, with the outcome of the review discussed with the Director concerned.

BOARD MEETINGS

The Board currently meets seven times per year. At these meetings management provides a report on all key matters affecting the business and seeks approval for specific proposals outside its delegated authority.

In addition to Board meetings, Directors receive briefings by management on specific aspects of the business, enabling them to further their comprehensive understanding of issues facing the business from the managers themselves.

Comprehensive reviews of both Company strategy and business plans are carried out at least annually.

The Board holds at least one Board Meeting at Ranger each year to enable Directors to inspect the operations and meet a wide range of employees.

INDEPENDENT PROFESSIONAL ADVICE

The Company's Articles entitle Directors (and officers) of the Company to be indemnified out of the funds of the Company for costs and expenses incurred in successfully defending legal proceedings.

There is no formal Board procedure laid down for Directors wishing to seek independent professional advice at the Company's expense in the furtherance of their duties. However, the Board recognises that there may be circumstances in which individual Directors are entitled to independent professional advice at the Company's expense, in the furtherance of their duties. Any such matter would be for the Board to consider at the time, in the light of the specific circumstance, and having in mind the Article referred to above.

REMUNERATION ARRANGEMENTS

ERA does not have a separate Remuneration Committee. However, this function is performed by the North Limited Remuneration Committee which reviews the remuneration of Directors (non-executive and executive), senior managers and general remuneration levels, policies and practices across the North Group. The Remuneration Committee seeks independent advice on the appropriateness of remuneration packages where circumstances require it.

The current fees for non-executive Directors are $30,000 per annum. The Chairman receives $60,000 per annum. Fees for Directors nominated by North Limited are paid to North Limited directly. No additional fees are paid to members of the Audit Committee. Further details of Directors' remuneration, superannuation and retirement payments are set out in note 25 to the financial statements.

AUDIT COMMITTEE

ERA's Board has an Audit Committee of non-executive Directors. The Committee is chaired by Mr M Broomhead and also comprises Mr A Carmichael, Mr D Panthout and Dr B Hickman. The Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's external auditors and relevant company executives. The Committee met three times during the year.

The appointment of external auditors is a function of the full Board, on the recommendation of the Audit Committee and is subject to the approval of shareholders.

Among the Committee's responsibilities is the review of the adequacy of existing internal and external audit arrangements, accounting policies, financial reporting and procedures, risk management, taxation and the oversight of compliance with internal control systems. The Company reports quarterly on its financial performance.

The Committee receives regular reports from management on the Company's taxation, internal audit, risk management and insurance affairs. The Committee reports to the Board after each meeting and the papers and minutes are available to all Directors.

RISK MANAGEMENT

The management of risk is an integral part of the responsibility of both the Board and management, and is carried out through an integrated risk management assurance process.

The consideration and approval by the Board each year of the budget and five-year plan put forward by management assists the Board and senior management to identify significant risks and put in place strategies to deal with them.

The Board has also put in place a number of arrangements to identify and manage risk. These include:

- the identification and regular review of all of the significant business risks facing the organisation;
- the provision of information by senior management and the Board, on a periodic basis, as to the status of any plans, controls, policies and/or procedures to manage the significant business risks;
- guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- guidelines, limits and controls for all financial exposures including the use of derivatives;
- a regulatory compliance program;
- an integrated environment, safety and health policy, supported by a set of standards and management systems which recognise the Company's commitment to achieving high standards of environmental, safety and health performance in all its activities; and
- a comprehensive annual insurance program, which will be reviewed by the Audit Committee.

Management is required to provide regular reports to the Board on all these matters.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a program of internal audit and the careful selection and training of qualified personnel.

ETHICAL STANDARDS

The ERA Board has adopted the North Limited standards of business conduct to be met by all Directors and employees. These standards extend beyond prescribed procedures in the Company's Articles, the requirements of company legislation and the Listing Rules of the Australian Stock Exchange and require the observance of the highest ethical standards.

SALE/PURCHASE OF SHARES BY DIRECTORS AND EMPLOYEES

Guidelines for all Company employees and Directors on the purchase and sale of shares prohibit the purchase or sale of the Company's or North Limited securities while in possession of price-sensitive information.

ANNUAL GENERAL MEETING

The 2000 Annual General Meeting will be held at 10:00 am on 19 October 2000 at the All Seasons Premier Menzies Hotel, 14 Carrington Street, Sydney.

TYPES OF SHARES

ERA has three classes of shares; A, B and C. The different classes have equal voting rights. However, B and C Class shareholders have special Director appointing powers. The publicly listed shares are limited to A Class shares.

TAX FILE NUMBERS

Tax File Numbers or Exemption details are recorded from shareholders who wish to advise the information. Dividend advice statements when issued to shareholders indicate whether or not a shareholder's Tax File Number has been recorded. ERA normally pays fully franked dividends. In the event of an unfranked dividend being paid, ERA will be required to deduct tax at the top marginal rate from the dividend paid to shareholders resident in Australia who have not supplied a Tax File Number or Exemption Form.

INFORMATION ON SHAREHOLDING

Shareholders who require information about their shareholding or dividend payment should contact ERA's principal registry.

Shareholders who have changed their address should advise the change in writing to:

ERA Share Registry

C/- Computershare Registry Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney NSW 1115)
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

SHARE REGISTRIES

New South Wales

C/- Computershare Registry Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney NSW 1115)
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

Victoria

C/- Computershare Registry Services Pty Ltd
Level 12
565 Bourke Street
MELBOURNE VIC 3000
Telephone: (03) 9611 5711
Facsimile: (03) 9611 5710

Australian Capital Territory

C/- Ernst & Young
54 Marcus Clarke Street
CANBERRA ACT 2600
(GPO Box 281, Canberra ACT 2601)
Telephone: (02) 6247 3888
Facsimile: (02) 6257 2648

profit and loss statements

FOR THE YEAR ENDED 30 JUNE 2000

	NOTE	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
Revenue	2	185,541	175,181	184,571	174,481
Operating profit before income tax	3	44,280	43,152	44,464	43,316
Income tax attributable to operating profit	4	(21,847)	(21,254)	(21,931)	(21,314)
Effect of change in tax rate	4	12,250	–	12,262	–
Operating profit after income tax		34,683	21,898	34,795	22,002
Retained profits at the beginning of the financial year		59,638	64,443	59,245	63,946
Total available for appropriation		94,321	86,341	94,040	85,948
Dividend provided for or paid	5	(93,461)	(26,703)	(93,461)	(26,703)
Retained profits at the end of the financial year		860	59,638	579	59,245
Basic and diluted earnings per share	33	18 cents	11 cents		

The above profit and loss statements should be read in conjunction with the accompanying notes set out on pages 31 to 52.

balance sheets

AS AT 30 JUNE 2000

	NOTE	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
Current Assets					
Cash	6	2,893	4,841	2,882	4,826
Receivables	7	35,110	62,833	35,440	62,805
Inventories	8	76,851	128,538	76,851	128,538
Other	9	6,162	13,412	6,148	13,403
Total Current Assets		121,016	209,624	121,321	209,572
Non-Current Assets					
Receivables	10	1,130	1,792	990	1,594
Investments	28	–	–	100	100
Inventories	11	22,427	20,593	22,427	20,593
Exploration, evaluation and development expenditure	12	197,990	188,207	197,990	188,207
Property, plant and equipment	13	462,534	500,733	461,740	499,837
Other	14	2,869	8,042	2,777	7,885
Total Non-Current Assets		686,950	719,367	686,024	718,216
Total Assets		807,966	928,991	807,345	927,788
Current Liabilities					
Accounts payable	15	19,257	24,907	19,091	24,357
Borrowings	16	58,000	77,253	58,000	77,253
Provisions	17	40,259	53,076	40,172	52,922
Other	18	2,217	–	2,217	–
Total Current Liabilities		119,733	155,236	119,480	154,532
Non-Current Liabilities					
Provisions	19	83,288	110,032	83,201	109,926
Total Liabilities		203,021	265,268	202,681	264,458
Net Assets		604,945	663,723	604,664	663,330
Shareholders' Equity					
Share capital	20	214,585	214,585	214,585	214,585
Reserves	21	389,500	389,500	389,500	389,500
Retained profits		860	59,638	579	59,245
Total Shareholders' Equity		604,945	663,723	604,664	663,330

The above balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 31 to 52.

statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2000

	NOTE	CONSOLIDATED 2000 $000 INFLOWS/ (OUTFLOWS)	CONSOLIDATED 1999 $000 INFLOWS/ (OUTFLOWS)	THE COMPANY 2000 $000 INFLOWS/ (OUTFLOWS)	THE COMPANY 1999 $000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities					
Receipts from customers		221,758	154,360	220,465	153,296
Payments to suppliers and employees		(88,667)	(84,582)	(87,355)	(84,253)
		133,091	69,778	133,110	69,043
Interest received		280	662	275	662
Borrowing costs paid		(5,571)	(2,331)	(5,571)	(2,325)
Income taxes paid		(30,398)	(6,293)	(30,460)	(6,116)
Refund from Rehabilitation Trust Fund		614	3,204	614	3,204
Net cash inflow from operating activities	30(a)	98,016	65,020	97,968	64,468
Cash flows from investing activities					
Payments for property, plant and equipment		(5,410)	(13,370)	(5,296)	(12,632)
Proceeds from sale of property, plant and equipment		510	342	448	342
Jabiluka expenditure capitalised		(11,411)	(23,506)	(11,411)	(23,506)
Borrowing costs paid and capitalised to Jabiluka		–	(2,464)	–	(2,464)
Exploration expenditure		(64)	(523)	(64)	(523)
Net cash outflow from investing activities		(16,375)	(39,521)	(16,323)	(38,783)
Cash flows from financing activities					
Proceeds from borrowings – related parties		16,000	–	16,000	–
Repayment of borrowings		(118)	–	(118)	–
Repayment of borrowings – related parties		–	(3,000)	–	(3,000)
Dividends paid		(99,183)	(20,981)	(99,183)	(20,981)
Net cash outflow from financing activities		(83,301)	(23,981)	(83,301)	(23,981)
Net (decrease)/increase in cash held		(1,660)	1,518	(1,656)	1,704
Cash at the beginning of the financial year		4,723	3,671	4,708	3,470
Effects of exchange rate changes on cash		(170)	(466)	(170)	(466)
Cash at the end of the financial year	6	2,893	4,723	2,882	4,708

The above statements of cash flows should be read in conjunction with the accompanying notes set out on pages 31 to 52.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

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

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Principles of Consolidation

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entities ("the consolidated entity"). Details of the controlled entities appear in note 28. The balances and effects of transactions with the controlled entities included in the consolidated financial statements have been eliminated.

(c) Revenue Recognition

Sale of Goods

Sales revenue is recognised when product has been delivered in accordance with a sales contract.

Rendering of Services

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

Asset Sales

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

Other Revenue

Interest income is recognised as it accrues.

Refunds from the Ranger Rehabilitation Trust Fund are recognised as revenue when the cash has been remitted to the Company.

(d) Foreign Currency

Transactions

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

Currency Hedging

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

All other hedge transactions are initially recorded at the spot rate at the date of the transaction. The hedges outstanding at balance date, relating to sales that have already been recorded, are translated at the rates of exchange ruling on that date and any exchange differences are brought to account in the profit and loss statement and are included in the balance sheet as a foreign exchange asset or liability.

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

(e) Borrowing Costs

Borrowing costs (including interest) are included in the profit and loss statement in the period during which they are incurred, except where they are included in the cost of non-current assets that are currently being developed and will take a substantial period of time to complete.

Borrowing costs incurred during the period in which active development is suspended for extended periods are recognised as expenses in the profit and loss statement.

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

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

(f) Income Tax

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

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

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

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

(g) Receivables

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

(h) Inventories

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

(i) Non-current Assets

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amount for property, plant and equipment the relevant cashflows have been discounted to their present value. In assessing recoverable amounts for all other non-current assets, cashflows have not been discounted.

(j) Property, Plant and Equipment

Acquisition

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

Depreciation and Amortisation

Depreciation of plant and equipment is provided for as follows:

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

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

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

– Buildings	– units of production
– Plant and equipment*	– units of production

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

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

Leased Plant and Equipment

Leases of plant and equipment under which the Company or consolidated entity assumes substantially all of the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases. Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Ranger Project Rights

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

(k) Exploration, Evaluation and Development Expenditure

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

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

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

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

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

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

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

(l) Accounts Payable

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

(m) Uranium Loan

Uranium drawn down under the loan arrangement has been used to meet sales commitments and act as buffer stock.

The draw down of uranium under the loan agreement was initially recorded at the uranium spot price. Uranium drawn down and held as buffer stock was classified as current inventory. The entire loan was classified as a current borrowing. That part of the loan which related to uranium that was intended for sale or has already been sold was revalued to approximate the average cost of Ranger production. This revaluation was recorded as a provision for deferred income. In addition, the provision for deferred income includes any profit or loss on the sale of borrowed uranium. The provision is released to the profit and loss statement as repayments are made.

(n) Rehabilitation

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

In order to determine the cost of rehabilitation an annual independent assessment is made. The assessed cost of rehabilitation is then compared to the amount held in the Trust Fund resulting in either a surplus or deficit. A surplus, or part thereof, is recognised in the profit and loss statement as revenue provided the projected fund balance at the end of the mine life will exceed the projected cost of rehabilitation at the end of the mine life. Where the projected fund balance does not exceed the projected cost of rehabilitation it is recognised as a non-current provision for rehabilitation.

A deficit, or part thereof, is recognised in the profit and loss statement as an expense when the projected fund balance at the end of the mine life does not meet the projected cost of rehabilitation at the end of the mine life. Where the projected fund balance does meet the projected cost of rehabilitation it is recognised as a non-current receivable.

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

(o) Derivatives

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

Derivative financial instruments are not held for speculative purposes.

(p) Employee Entitlements

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave

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

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

Superannuation Plan

Contributions to superannuation funds are recognised as an expense in the profit and loss statement as incurred.

(q) Investments

Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost or recoverable amount. Dividends and distributions are recognised in the profit and loss statement when they are declared by the controlled entities.

(r) Borrowings

Borrowings are recognised as a liability in the balance sheet at the principal amount. Interest expense is accrued at the contracted rate.

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
2. REVENUE				
Revenue from operating activities				
Sale of goods	180,943	172,237	180,943	172,237
Rendering of services	904	693	–	–
Total sales revenue	181,847	172,930	180,943	172,237
Other revenue				
Refund from Ranger Rehabilitation Trust Fund	614	1,267	614	1,267
Interest received/receivable, other parties	2,570	642	2,565	635
	185,031	174,839	184,122	174,139
Revenue from outside operating activities				
Proceeds from sale of property, plant and equipment	510	342	449	342
	185,541	175,181	184,571	174,481

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FOR THE YEAR ENDED 30 JUNE 2000

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
3. OPERATING PROFIT				
The operating profit before income tax has been arrived at after charging/(crediting) the following items:				
Amortisation of Ranger Project Rights	15,229	19,534	15,229	19,534
Depreciation of non-current assets:				
Land and buildings	3,344	3,533	3,300	3,514
Plant and equipment	20,844	25,079	20,708	24,988
Total depreciation	24,188	28,612	24,008	28,502
Release of deferred income – Uranium loan	(7,125)	–	(7,125)	–
Royalty payments	2,437	2,064	2,437	2,064
Payments to Aboriginal interests	8,485	7,205	8,485	7,205
Auditors' remuneration – KPMG*				
Audit services	119	119	119	119
Other services	17	89	17	89
Provision for writedown of exploration expenditure	64	523	64	523
Writedown in value of stores inventories	32	94	32	94
Rental expense relating to operating leases	651	959	651	959
Borrowing costs:				
Related parties	4,044	4,549	4,044	4,549
Other parties	561	1,236	561	1,236
Less: Capitalised borrowing costs	–	(2,464)	–	(2,464)
Net (credit)/expense from movements in provision for:				
Employee entitlements	(480)	3,968	(413)	3,822
Stores obsolescence	(88)	81	(88)	81
Doubtful debts	(85)	277	(113)	269
Surplus lease space	–	98	–	98
Research and development expenditure	820	1,344	820	1,344
Net (gain)/loss on sale of property, plant and equipment	574	(258)	598	(296)

*AUDITORS' REMUNERATION	CONSOLIDATED 2000	CONSOLIDATED 1999	THE COMPANY 2000	THE COMPANY 1999
Audit Services: Auditors of the Company	$118,900	$118,900	$118,900	$118,900
Other Services: Auditors of the Company	$17,327	$88,902	$17,327	$88,902

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000

4. INCOME TAX

Income tax is calculated as follows:				
Operating profit before income tax	44,280	43,152	44,464	43,316
Prima facie income tax expense calculated at 36% (1999: 36%)	15,941	15,535	16,007	15,594
Increase in income tax expense due to:				
Amortisation of Ranger Project Rights	5,967	6,201	5,967	6,201
Other non-allowable items	13	22	31	22
Research and development concession	(74)	(121)	(74)	(121)
Income tax overprovided in prior years	–	(383)	–	(382)
Income tax expense attributable to operating profit	21,847	21,254	21,931	21,314
Abnormal income tax items:				
Restatement of deferred tax balances due to change in company tax rate	(12,250)	–	(12,262)	–
Income tax expense	9,597	21,254	9,669	21,314
Income tax expense attributable to operating profit comprises:				
Current income tax provision	30,938	22,889	31,086	22,870
Deferred income tax provision	(26,514)	3,904	(26,525)	3,905
Future income tax benefit	5,173	(5,156)	5,108	(5,079)
Overprovision in prior year	–	(383)	–	(382)
Income tax expense	9,597	21,254	9,669	21,314

In 2000 the Company lodged an income tax objection for the year of income ended 30 June 1995 in relation to the valuation of its inventories for income tax purposes.

During the year, the Company received an amended assessment in response to the objection. Notwithstanding that the Company has appealed to the Federal Court against the Commissioner of Taxation's decisions, the full amount of tax payable and any interest thereon resulting from the amended assessments (and consequential adjustments for subsequent years of income) has been fully provided in these accounts.

A significant benefit to the Company will arise if the Court finds in favour of the Company's appeals, such that operating profit after tax could be increased by an amount in excess of $4,000,000. This benefit has not been recognised in the financial statements at 30 June 2000. However, independent expert advice obtained by the Company indicates a strong likelihood of success.

5. DIVIDENDS

Dividends proposed or paid by the Company are:

	CENTS PER SHARE	TOTAL AMOUNT $000	DATE OF PAYMENT	FRANKED TAX RATE	PERCENTAGE FRANKED
2000					
Special	31.0	59,128	16 December 1999	36% (Class C)	100%
Interim – ordinary	10.0	19,074	28 February 2000	36% (Class C)	100%
Final – ordinary	8.0	15,259	22 September 2000	34% (Class C)	100%
Dividends proposed or paid	49.0	93,461			
1999					
Interim – ordinary	3.0	5,722	26 February 1999	36% (Class C)	100%
Final – ordinary	11.0	20,981	22 September 1999	36% (Class C)	100%
Dividends proposed or paid	14.0	26,703			

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
Dividend Franking Account				
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:				
Class C (34%) franking credits (1999: 36%)	48,863	89,876	48,223	89,290

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

6. CASH

Cash at banks and on hand	2,893	2,941	2,882	2,926
Short term deposits (at call)	–	1,900	–	1,900
	2,893	4,841	2,882	4,826
The above figures are reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows as follows:				
Balance as above	2,893	4,841	2,882	4,826
Less bank overdrafts (note 16)	–	(118)	–	(118)
Balance per Statements of Cash Flows	2,893	4,723	2,882	4,708

For the purpose of the Statements of Cash Flows, cash includes deposits at call and short term deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

7. RECEIVABLES – CURRENT

Trade debtors	18,580	46,221	17,801	45,591
Less provision for doubtful debts*	–	(333)	–	(300)
	18,580	45,888	17,801	45,291
Related party debtor	13,958	13,467	15,093	14,181
Other debtors	2,651	3,609	2,564	3,464
Less provision for doubtful debts	(79)	(131)	(18)	(131)
	16,530	16,945	17,639	17,514
	35,110	62,833	35,440	62,805

* Bad debts written off against provisions for the consolidated entity and the Company: 2000 $Nil (1999: $105,000)

8. INVENTORIES – CURRENT

Stores and spares at cost	11,575	12,588	11,575	12,588
Less provision for obsolescence	(1,856)	(2,023)	(1,856)	(2,023)
	9,719	10,565	9,719	10,565
Ore stockpiles at cost	9,003	6,894	9,003	6,894
Work in progress at cost	1,994	7,804	1,994	7,804
Finished product U_3O_8 at cost	56,135	81,555	56,135	81,555
Finished product U_3O_8 – borrowed	–	21,720	–	21,720
	76,851	128,538	76,851	128,538

9. OTHER ASSETS – CURRENT

Prepayments	6,162	6,433	6,148	6,424
Foreign exchange hedge asset on debtors	–	6,979	–	6,979
	6,162	13,412	6,148	13,403

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
10. RECEIVABLES – NON-CURRENT				
Other debtors	1,103	1,735	978	1,555
Loans to Directors	27	57	12	39
	1,130	1,792	990	1,594
11. INVENTORIES – NON-CURRENT				
Ore stockpiles at cost	22,427	20,593	22,427	20,593
12. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE – NON-CURRENT				
Exploration and Evaluation Phase				
Exploration expenditure at cost	881	817	881	817
Less provision for write down	(881)	(817)	(881)	(817)
	–	–	–	–
Development Phase				
Balance brought forward	188,207	–	188,207	–
Additions at cost	9,783	27,090	9,783	27,090
Transferred from exploration and evaluation	–	158,653	–	158,653
Borrowing costs capitalised	–	2,464	–	2,464
	197,990	188,207	197,990	188,207
Total exploration, evaluation and development expenditure	197,990	188,207	197,990	188,207
13. PROPERTY, PLANT AND EQUIPMENT				
Mine land and buildings				
Mine land and buildings at cost	92,922	93,046	92,406	92,572
Less accumulated depreciation	49,528	47,751	49,466	47,732
	43,394	45,295	42,940	44,840
Plant and equipment				
Plant and equipment at cost	434,290	437,186	433,735	436,532
Less accumulated depreciation	216,884	198,711	216,669	198,498
	217,406	238,475	217,066	238,034
Mine properties				
Ranger Project Rights at cost	407,000	407,000	407,000	407,000
Less accumulated amortisation	205,266	190,037	205,266	190,037
	201,734	216,963	201,734	216,963
Total property, plant and equipment	462,534	500,733	461,740	499,837

The Directors believe that based on their expectation of future foreign exchange and interest rates, sales prices of uranium and Government approval to sell such uranium, the recoverable amount of non-current assets is in excess of the carrying value of non-current assets.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
14. OTHER ASSETS – NON-CURRENT				
Future income tax benefit	2,869	8,042	2,777	7,885
15. ACCOUNTS PAYABLE – CURRENT				
Amount owing to related parties	2,126	361	2,126	361
Trade creditors	16,589	17,466	16,444	16,931
Other creditors	542	7,080	521	7,065
	19,257	24,907	19,091	24,357
16. BORROWINGS – CURRENT				
Bank overdraft	–	118	–	118
Loan from related party	58,000	42,000	58,000	42,000
Uranium loan	–	35,135	–	35,135
	58,000	77,253	58,000	77,253

Details of financing arrangements are provided in Note 27.

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
17. PROVISIONS – CURRENT				
Employee entitlements	3,534	4,729	3,387	4,600
Deferred income – Uranium loan	–	6,583	–	6,583
Dividends	15,259	20,981	15,259	20,981
Income tax	21,296	20,758	21,381	20,758
Other	170	25	145	–
	40,259	53,076	40,172	52,922

The Uranium loan was repaid during the reporting period allowing the release of income attributable to sales made in 1998. The amount recognised in the profit and loss statement in the current year was $7,125,000 (1999: $Nil).

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
18. OTHER LIABILITIES – NON-CURRENT				
Foreign exchange hedge liability on debtors	2,217	–	2,217	–
19. PROVISIONS – NON-CURRENT				
Rehabilitation	1,400	1,400	1,400	1,400
Employee entitlements	548	778	518	718
Deferred income tax	81,340	107,854	81,283	107,808
	83,288	110,032	83,201	109,926

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
20. SHARE CAPITAL				
Issued and paid up capital comprises:				
142,865,446 A Class shares fully paid				
27,573,468 B Class shares fully paid				
20,299,020 C Class shares fully paid				
190,737,934 Total fully paid shares	214,585	214,585	214,585	214,585

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
21. RESERVES				
Capital reconstruction	389,500	389,500	389,500	389,500

22. CONTINGENT LIABILITIES AND LEGAL DISPUTES

Contingent Liabilities

Rehabilitation

ERA has given an undertaking to the Commonwealth Government to rehabilitate the Ranger Project Area after cessation of mining operations. The latest estimated cost of rehabilitation, should ERA have been required to cease mining at 31 March 2000 was $30,791,000 (including a 5% per cent contingency). At 31 March 2000 there was a cash surplus in the Ranger Rehabilitation Trust Fund of $614,000. As a consequence the Company received a refund of this amount, bringing the balance of the Trust Fund to $30,791,000.

Uranium Credits

When the minimum "floor" price of U_3O_8, as approved by the Minister for Primary Industries and Energy of the Commonwealth of Australia, exceeded the sales prices contracted with certain customers (which were based on spot prices at the time of sales), those customers became entitled to a credit which reduces the contract price with respect to future sales. In the case of one contract, if the spot price is not sustained above US$12 per pound through to December 2005, an amount of up to A$6,885,000 may become payable at that time.

Letters of Credit

ERA has issued a Letter of Credit as security for the Uranium loan amounting to A$48,127,000. This Letter of Credit is required to be in place until six months after repayment of the loan (June 2000) and so will be terminated in December 2000.

Legal actions against ERA

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

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
23. COMMITMENTS				
(a) Capital expenditure commitments contracted but not provided for and payable:				
Not later than 1 year	125	144	125	144
(b) Lease commitments				
(i) *Operating leases*				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than 1 year	345	515	336	515
Later than 1 year but not later than 5 years	741	–	723	–
	1,086	515	1,059	515

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

23. COMMITMENTS (continued)

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

(ii) *Mineral tenement leases*

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay an amount of approximately $73,000 in the year ending 30 June 2001 in respect of tenement lease rentals.

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

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

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Reserve pursuant to a determination under Section 63(5)(b) of the *Aboriginal Land Rights (NT) Act 1976*. These amounts are calculated at 4.25% of Ranger net sales revenue (amounts paid during 2000: $8,285,000 / 1999: $7,005,000);

(iii) Amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25% of Ranger net sales revenue (amounts paid during 2000: $2,437,000/1999: $2,064,000);

(iv) Amounts such that the Ranger Rehabilitation Trust Fund as at 31 March each year is equal to the independently assessed rehabilitation liability at Ranger. In March 2000 sufficient funds were available in the Ranger Rehabilitation Trust Fund to cover the assessed liability.

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

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

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

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

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

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

* Subject to CPI escalation.

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

(i) Four annual up front royalty payments of $1,200,000, the first in June 1998 on commencement of construction and the following three on each anniversary of the commencement of construction;

(ii) Up front royalty payment of $3,400,000 on the commencement of production; and

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

(f) ERA is liable to make payments to the Commonwealth in respect of the Jabiluka project pursuant to the conditions attached to the Mining Lease. The amount payable was, until 30 June 1990, calculated at the rate of 5.25% of net sales revenue from the Jabiluka project. Under the terms of the Lease, ERA is currently seeking a determination (by the Minister administering Section 41 of the *Atomic Energy Act*) of the future royalty rate to apply.

	NOTE	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
24. EMPLOYEE ENTITLEMENTS					
Aggregate employee entitlements, including on-costs					
– Current	17	3,534	4,729	3,387	4,600
– Non-current	19	548	778	518	718
		4,082	5,507	3,905	5,318
The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:					
Assumed rate of increase in wage and salary rates		–		–	
Discount rate (%)		6.14		6.14	
Settlement terms (years)		10		10	

Directors' Retirement Allowance

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

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

Superannuation

The consolidated entity's employees and Directors are members of the North Superannuation Fund which provides benefits on retirement, disablement, death, retrenchment or withdrawal from service, the principal types of benefits being lump sum defined benefits and lump sum accumulation benefits. Contributions are made by the Company as percentages of salary or wages or specified dollar amounts as required by the relevant trust deeds and negotiated agreements. The contribution obligations are legally enforceable up to the date upon which any such obligation is terminated by appropriate action pursuant to the relevant trust deed and negotiated agreements.

Upon the recommendation of the actuary, as from 1 July 1990 the employer contribution to the North Superannuation Fund was reduced to a nominal level. Employer contributions to the fund in 2000 were nominal (1999: nominal).

The North Superannuation Fund has employee accrued benefits and assets as follows:

	PLAN ASSETS AT NET MARKET VALUE $000	TOTAL ACCRUED BENEFITS $000	EXCESS/ (DEFICIT) (iv) $000	TOTAL VESTED BENEFITS (vi) $000
– 2000	74,397(i)	72,204(ii)	2,193	72,186(i)
– 1999	131,990(iii)	124,439(v)	7,551	124,146(iii)
Amounts applicable to ERA				
– 2000	12,549(i)	12,179(ii)	370	12,179(i)
– 1999	13,984(iii)	13,184(v)	800	13,184(iii)

(i) Plan assets at net market value and vested benefits have been calculated at 30 June 2000, from the accounting records of the fund.

(ii) Accrued benefits have been obtained from the latest actuarial review and have been calculated and reviewed by the actuary as at 30 June 2000. Accrued benefits means benefits the plans are presently obliged to transfer in the future to members and beneficiaries as a result of membership of the plans.

(iii) Plan assets at net market value and vested benefits were calculated at 30 June 1999, from the accounting records of the fund.

(iv) Entitlements to any excess amounts will be determined in accordance with the terms and conditions of the North Superannuation Fund Trust Deed.

(v) Accrued benefits were calculated and reviewed by the actuary as at 30 June 1999.

(vi) "Vested benefits" are benefits which are not conditional upon continued membership of the plans or any factor, other than resignation from the plans. It represents the defined contribution balances plus defined benefits members' normal withdrawal benefits.

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25. DIRECTORS' AND EXECUTIVES' REMUNERATION

Remuneration packages and other terms of employment for Directors are set in accordance with North Limited's remuneration strategy and policies determined by the North Limited Remuneration Committee, and are subject to the approval of that Committee.

Senior executives' remuneration are aligned to the market based on organisation characteristics and position accountabilities using expert advice from external consultants. This job sizing forms the basis for setting remuneration at levels intended to attract, retain and reward people with the required skills and competencies.

Annually, remuneration packages are reviewed to reflect market movements and to recognise performance in Key Results Areas, achieving agreed objectives, contribution towards continuous improvement and behaviours, particularly in relation to the "ERA values".

Remuneration details of directors and each of the five highest paid executives of the Company and the consolidated entity at 30 June 2000 are set out below:

	DIRECTOR'S BASE FEE $	ADDITIONAL REMUNERATION PAID BY NORTH LIMITED IN CONNECTION WITH THE MANAGEMENT OF AFFAIRS OF ERA $	SUPERANNUATION $	TOTAL $
Non-Executive Directors				
M Broomhead	60,000*	151,594	4,200*	215,794
T Knott	25,000*	100,193	1,750*	126,943
T Barlow	6,141*	–	430*	6,571
A Carmichael	25,000*	–	1,750*	26,750
R Carter	17,391*	–	1,217*	18,608
B Hickman	25,000	–	1,750	26,750
M Shibata	25,000	–	–	25,000
D Panthout	25,000**	–	–	25,000

* Amounts paid directly to North Limited

** Amounts paid directly to Cogema Australia Pty Ltd

	BASE SALARY $	BONUS $	SUPERANNUATION $	OTHER BENEFITS* $	TOTAL $
Executive Directors					
R Cleary	274,082	17,225	30,149	130,221	451,677
P Shirvington	–	–	–	–	–
Officers					
The Company					
W Davies	163,451	1,100	18,240	51,554	234,345
H Topp	134,561	1,100	14,813	25,886	176,360
J Evans	135,751	1,100	9,134	16,469	162,454
W Paull	99,452	550	10,846	44,906	155,754
G Hall	112,119	1,100	12,333	29,383	154,935
Consolidated Entity					
Includes each of the Executives of the Company detailed above and:					
A Milnes	141,145	1,100	17,445	84,818	244,508

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

The value of options issued (by North Limited for shares in North Limited) which has been included as part of the remuneration of Directors of the Company and each of the five highest paid executive officers of the Company and the consolidated entity is set out below.

25. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

Options Issued Under the North Limited Employee Option Scheme

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

Officers	OPTIONS ISSUED NO.	VALUE OF OPTIONS INCLUDED IN REMUNERATION $
The Company		
R Cleary	–	–
W Davies	32,500	26,650
H Topp	5,000	4,100
J Evans	5,000	4,100
W Paull	5,000	4,100
G Hall	15,000	12,300
Consolidated Entity		
Includes each of the Executives of the Company detailed above and:		
A Milnes	32,500	26,650

The options were granted under the North Limited Employee Option Plan on 1 December 1999.

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

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

	THE COMPANY 2000	1999
$0 to $9,999	2	1
$10,000 to $19,999	1	1
$20,000 to $29,999	5	4
$50,000 to $59,999	–	1
$60,000 to $69,999	1	–
$120,000 to $129,999	–	1
$150,000 to $159,999	–	1
$390,000 to $399,999	–	1
$450,000 to $459,999	1	–

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FOR THE YEAR ENDED 30 JUNE 2000

25. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

	CONSOLIDATED 2000 $	CONSOLIDATED 1999 $	THE COMPANY 2000 $	THE COMPANY 1999 $
Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties:				
the Company			671,307	590,000
related parties (including North Limited)			251,688	242,000
			922,995	832,000
Total income paid or payable, or otherwise made available to all Directors of the Company and controlled entities from the Company or any related party:				
the Company	671,307	590,000		
related parties (including North Limited)	551,409	481,000		
	1,222,716	1,071,000		
Retirement benefits of Directors				
Retirement benefits paid to Directors of the Company and controlled entities, being amounts that have been previously approved by the members of the Company in a general meeting	–	–	–	–

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

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

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

	CONSOLIDATED 2000	CONSOLIDATED 1999	THE COMPANY 2000	THE COMPANY 1999
$100,000 to $109,999	1	–	1	1
$120,000 to $129,999	1	–	1	–
$130,000 to $139,999	1	–	1	–
$140,000 to $149,999	1	–	1	–
$150,000 to $159,999	3	–	3	–
$160,000 to $169,999	1	–	1	–
$170,000 to $179,999	1	1	1	1
$230,000 to $239,999	1	2	1	1
$240,000 to $249,999	1	–	–	–
$300,000 to $309,999	–	1	–	1
$390,000 to $399,999	–	1	–	1
$450,000 to $459,999	1	–	1	–
$560,000 to $569,999	–	1	–	1

	CONSOLIDATED 2000 $	CONSOLIDATED 1999 $	THE COMPANY 2000 $	THE COMPANY 1999 $
Total remuneration received or due and receivable by these Executives from:				
the Company	1,800,896	1,615,000	1,800,896	1,615,000
related parties (including North Limited)	355,208	306,000	110,700	67,000
	2,156,104	1,921,000	1,911,596	1,682,000

26. RELATED PARTIES

Controlled Entities

Information relating to controlled entities is set out in note 28.

Ultimate Parent Entity

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

Directors

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

T Barlow, M Broomhead, A Carmichael, R Carter, R Cleary, B Hickman, T Knott, D Panthout (Alternates: J Marlatt, B Michel, D McGrane), M Shibata (Alternates: S Chida, K Tsuzuku, K Takai, T Yonezawa, M Mori), P Shirvington.

Information relating to Directors' remuneration and retirement benefits is set out in note 25.

Information relating to Directors' shareholdings is set out in the Directors' Report.

Transactions with Directors and Director-related Entities

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

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

Sales revenue derived from JAURD totalled $46,562,000 (1999: $47,796,000).

Commission paid to JAURD totalled $476,990 (1999: $548,000).

Amounts receivable from JAURD at 30 June 2000 totalled $13,958,000 (1999: $13,467,000).

In February 1997, ERA signed a loan agreement with JAURD for a loan of up to 1,360 tonnes of U_3O_8. The agreement is on terms that are at least as good as market rates. This loan has been repaid during the year.

Interest paid in respect of the uranium loan totalled $1,392,000 (1999: $1,776,000).

Amount payable in respect of the uranium loan at 30 June 2000 totalled $Nil (1999: $35,135,000) (note 16).

Loans to Directors

Loans to Directors disclosed in note 10 are in respect of employee share schemes for shares in North Limited. These loans were made by ERA to A Milnes, J Hughes, G Mallett and K Lonie who are or were Directors of the controlled entities during the year.

	CONSOLIDATED		THE COMPANY	
	2000 $000	1999 $000	2000 $000	1999 $000
Aggregate movements in loan balances:				
Aggregate loans at the beginning of the financial year	57	52	39	39
Add loans advanced during the financial year	–	12	–	6
Add loans transferred in from related parties	13	–	13	–
Less loan instalments repaid during the financial year	(43)	(7)	(40)	(6)
Aggregate loans at the end of the financial year	27	57	12	39

The loans are interest free and the principal is repaid in equal instalments over a period of not more than 10 years. The loans are secured by retention of the relative share certificates until such time as the loans are fully repaid.

Loan from Related Party

During the 1998 financial year ERA entered into a US$60,000,000 three year loan facility with North Finance Limited. This facility was negotiated on commercial terms and conditions. At 30 June 2000 A$58,000,000 (1999: A$42,000,000) was utilised and recognised as a current borrowing.

Superannuation Fund

Information relating to the consolidated entity's superannuation fund is set out in note 24.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
26. RELATED PARTIES (continued)				
Related Party Transactions				
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with related parties:				
Management fees paid to parent entity	2,174	2,156	1,932	1,917
Consulting fees paid to controlled entities	–	–	1,845	3,217
Consulting fees received from related parties	–	75	–	–
Interest paid to related parties	4,044	4,549	4,044	4,549
Aggregate amounts recognised in relation to other transactions with each class of other related parties:				
Dividends paid/payable to				
Parent entity	31,870	9,106	31,870	9,106
Related parties	32,050	9,157	32,050	9,157
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Current assets – receivables				
Related parties	13,958	13,467	13,958	–
Controlled entities	–	–	1,135	714
Current liabilities – creditors				
Related parties	2,126	361	2,126	361
Current liabilities – borrowings				
Related parties	58,000	42,000	58,000	42,000

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

27. SHAREHOLDER–CUSTOMER TRANSACTIONS

All sales were conducted on commercial terms and conditions.

Total revenue derived from shareholder customers totalled $46,562,000 (1999: $67,359,000).

Amounts receivable from shareholder customers at 30 June 2000 totalled $13,958,000 (1999: $25,852,000).

28. INVESTMENT IN CONTROLLED ENTITIES

	PLACE OF INCORPORATION	CLASS OF SHARE	INTEREST HELD 2000	INTEREST HELD 1999
Controlled Entities				
EWL Sciences Pty Ltd	NSW	Ordinary	100%	100%
Ranger Uranium Mines Pty Ltd	NSW	Ordinary	100%	100%

The above controlled entities are wholly owned and no dividends were paid to the parent entity (1999: $Nil).

29. SEGMENT INFORMATION

Geographical Segments

Sales revenue is derived from customers in the following geographical areas:

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
Asia	90,759	86,910	90,728	86,787
United States	75,307	40,740	75,307	40,740
Europe	14,908	42,337	14,908	42,337
Australia	873	2,943	–	2,373
	181,847	172,930	180,943	172,237

Industry Segments

	URANIUM 2000 $000	URANIUM 1999 $000	CONSULTING 2000 $000	CONSULTING 1999 $000	ELIMINATIONS 2000 $000	ELIMINATIONS 1999 $000	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000
Sales revenue outside the economic entity	180,943	172,237	904	693	–	–	181,847	172,930
Intersegment revenue	–	–	1,845	3,217	(1,845)	(3,217)	–	–
Total sales revenue	180,943	172,237	2,749	3,910	(1,845)	(3,217)	181,847	172,930
Operating profit/(loss) before tax	44,464	43,316	(184)	(164)	–	–	44,280	43,152
Total assets	807,345	927,788	1,856	2,018	(1,235)	(815)	807,966	928,991

The consolidated entity operates predominantly in two industries:

(i) Mining, processing and sale of uranium; and

(ii) Environmental consulting by its wholly owned subsidiary, EWL Sciences Pty Ltd.

All operating expenditure is incurred in Australia.

All assets, other than some finished product, are based in Australia.

EWL Sciences Pty Ltd is a legal entity separate and distinct from Energy Resources of Australia Ltd. Energy Resources of Australia Ltd makes no representations, warranties or guarantees in relation to EWL Sciences Pty Ltd.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

30. NOTES TO THE STATEMENTS OF CASH FLOWS

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
Operating profit after income tax	34,683	21,898	34,795	22,002
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current assets	574	(258)	598	(296)
Add/(less) non-cash items:				
Depreciation and amortisation	39,417	48,285	39,237	48,176
Exploration expenditure	64	523	64	523
Release of deferred income – Uranium loan	(7,125)	–	(7,125)	–
Net exchange differences	170	466	170	466
Change in operating assets and liabilities:				
(Increase)/decrease in trade debtors	36,346	(18,673)	36,496	(18,464)
(Increase)/decrease in other debtors	1,620	2,057	1,084	1,477
(Increase)/decrease in inventories	22,013	(15,389)	22,012	(15,389)
(Increase)/decrease in prepayments	271	8,898	276	8,907
(Decrease)/increase in trade and other creditors	(1,283)	3,094	(934)	2,789
(Decrease)/increase in provision for income taxes payable	538	16,216	623	16,375
(Decrease)/increase in net provision for deferred income tax liability and future income tax benefit	(21,341)	(1,252)	(21,417)	(1,174)
(Decrease)/increase in other provisions	(7,931)	(845)	(7,911)	(924)
Net cash inflow provided by operating activities	98,016	65,020	97,968	64,468

(b) Non-cash financing and investing activities

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000

31. FINANCING ARRANGEMENTS

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
Total facilities available:				
Bank overdrafts	1,500	1,500	1,500	1,500
Bank loans	5,000	5,000	5,000	5,000
Uranium loan	–	53,178	–	53,178
Loan from related party	99,917	91,241	99,917	91,241
	106,417	150,919	106,417	150,919
Facilities utilised at balance date:				
Bank overdrafts	–	118	–	118
Uranium loan	–	43,423	–	43,423
Loan from related party	58,000	42,000	58,000	42,000
	58,000	85,541	58,000	85,541
Facilities not utilised at balance date:				
Bank overdrafts	1,500	1,382	1,500	1,382
Bank loans	5,000	5,000	5,000	5,000
Uranium loan	–	9,755	–	9,755
Loan from related party	41,917	49,241	41,917	49,241
	48,417	65,378	48,417	65,378

Bank Overdrafts

The bank overdrafts are unsecured and may be drawn at anytime. The bank overdrafts are payable on demand and are subject to annual review. The interest rate applicable at balance date was 9.2% p.a. (1999: 8.0% p.a.).

Bank Loans

The loans are unsecured and denominated in Australian dollars and may be drawn at any time. They are payable on demand and subject to annual review. The interest rate applicable at balance date was 6.5% p.a. (1999: 5.1% p.a.).

Uranium Loan

This facility was repaid in June 2000, at which point the financing arrangement was terminated. The agreement was on terms that were at least as good as market rates.

Loan from Related Party

The loan is unsecured and denominated in either Australian or United States dollars. This facility terminates in December 2000. The interest rate applicable at balance date was 6.4% p.a. (1999: 5.2% p.a.).

32. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

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

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	THE COMPANY 2000 $000	THE COMPANY 1999 $000
United States dollars:				
Current – Receivables				
Other debtors	–	8	–	8
Current – Accounts payable				
Accounts payable	–	2,989	–	2,989

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
33. EARNINGS PER SHARE		
Basic and diluted earnings per share:	$0.18	$0.11

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 2000: 190,737,934 shares; (1999: 190,737,934 shares).

34. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

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

	NOTE	FLOATING INTEREST RATE $000	NON-INTEREST BEARING $000	TOTAL $000	WEIGHTED AVERAGE INTEREST RATE % p.a.
2000					
Financial assets					
Cash	6	2,893	–	2,893	5.7
Receivables	7,10	–	36,240	36,240	
		2,893	36,240	39,133	
Financial liabilities					
Borrowings	16	58,000	–	58,000	5.9
Accounts payable	15	–	19,257	19,257	
Dividends payable	17	–	15,259	15,259	
Foreign exchange hedge liability	18	–	2,217	2,217	
		58,000	36,733	94,733	
1999					
Financial assets					
Cash	6	4,841	–	4,841	4.5
Receivables	7,10	–	64,625	64,625	
Foreign exchange hedge asset	9	–	6,979	6,979	
		4,841	71,604	76,445	
Financial liabilities					
Bank overdraft	16	118	–	118	8.0
Borrowings*	16	42,000	–	42,000	5.3
Accounts payable	15	–	24,907	24,907	
Dividends payable	17	–	20,981	20,981	
		42,118	45,888	88,006	

* The Uranium loan of $35,135,000 is not considered a financial instrument.

(b) Foreign Exchange Risk

The consolidated entity derives most of its revenue in US dollars and incurs most of its costs in Australian dollars. Foreign exchange hedging is undertaken to protect against adverse exchange rate movements.

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

The consolidated entity manages its foreign exchange exposures over a period of up to ten years beyond the current financial year.

The consolidated entity's risk management policy guidelines set:

- Minimum levels of total cover;
- Maximum levels of limiting cover (where the Company is unable to participate fully in a favourable movement in the exchange rate);
- Maximum levels of total cover;

for recognised exposures. These levels vary over the hedging period.

34. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (continued)

HEDGING OF NET UNITED STATES DOLLARS (US$) EXPOSURE AGAINST THE AUSTRALIAN DOLLAR (A$)

		2000		1999	
	MATURITY	AMOUNT US$000	WEIGHTED AVERAGE RATE A$/US$	AMOUNT US$000	WEIGHTED AVERAGE RATE A$/US$
Forwards					
Sell US$/Buy A$	Less than 1 year	59,300	0.63	29,000	0.70
	1 to 5 years	107,000	0.61	76,000	0.61
	More than 5 years	91,000	0.61	68,000	0.60
	Total	257,300	0.62	173,000	0.64
Options					
Purchased US$ Put options	Less than 1 year	81,000	0.63	74,000	0.62
	1 to 5 years	130,000	0.67	148,000	0.65
	More than 5 years	54,000	0.70	72,000	0.70
	Total	265,000	0.66	294,000	0.66
Purchased US$ Call options	Less than 1 year	17,000	0.56	–	–
	Total	17,000	0.56	–	–
Sold US$ Call options	Less than 1 year	17,000	0.59	–	–
	Total	17,000	0.59	–	–
Sold US$ Call options – Barrier (1)	Less than 1 year	50,000	0.64	40,000	0.65
	1 to 5 years	102,000	0.68	134,000	0.66
	More than 5 years	54,000	0.70	72,000	0.70
	Total	206,000	0.67	246,000	0.67
Sold "knock-in" Call options (1)	1 to 5 years	28,000	0.64	–	–
	Total	28,000	0.64	–	–

Sold "knock-out" US$ Call options(1)

	2000		1999	
MATURITY	AMOUNT US$000	KNOCK-OUT RATE A$/US$	AMOUNT US$000	KNOCK-OUT RATE A$/US$
Less than 1 year	50,000	0.71	40,000	0.72
1 to 5 years	102,000	0.74	134,000	0.72
More than 5 years	54,000	0.76	72,000	0.76
Total	206,000	0.74	246,000	0.74

Sold "knock-in" Call options(1)

	2000		1999	
MATURITY	AMOUNT US$000	KNOCK-IN RATE A$/US$	AMOUNT US$000	KNOCK-IN RATE A$/US$
1 to 5 years	28,000	0.69	–	–
Total	28,000	0.69	–	–

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2000

34. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (continued)

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

CURRENCY	MATURITY	2000 UNREALISED HEDGE GAINS/(LOSSES) A$000	1999 UNREALISED HEDGE GAINS/(LOSSES) A$000
US$ hedges	Less than 1 year	(8,352)	2,813
	1 to 5 years	(11,490)	11,856
	More than 5 years	(5,050)	3,598
	Total	(24,892)	18,267

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

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

(c) Commodity Price Risk

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

(d) Credit Risk Exposures

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

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

The consolidated entity is not materially exposed to any individual customer. Material concentrations of credit risk on trade debts due from customers (on a basis of geographical location) are United States 24%, Europe 8%, and Asia 68%.

(e) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

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

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

Short Term Instruments and Other Loans

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

Long Term Borrowings

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

Off-Balance Sheet Financial Instruments

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

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

	CONSOLIDATED NET FAIR VALUE ASSET/(LIABILITY) 2000 $000	CONSOLIDATED NET FAIR VALUE ASSET/(LIABILITY) 1999 $000
Off-Balance Sheet Financial Instruments		
Hedges of foreign exchange exposure	(24,892)	18,267

35. EVENTS SUBSEQUENT TO BALANCE DATE

Rio Tinto plc (incorporated in the UK) has gained control of North Limited and becomes the Company's new ultimate parent entity. The financial effect of the change of control of the Company, if any, is not able to be reliably estimated, and has not been recognised in the financial statements.

directors' declaration

FOR THE YEAR ENDED 30 JUNE 2000

In the opinion of the Directors of Energy Resources of Australia Ltd:

(a) the Financial Statements and notes set out on pages 28 to 52 are in accordance with the Corporations Law, including:

- (i) Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2000 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and
- (ii) Complying with Accounting Standards and the Corporations Regulations; and

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

Signed at Sydney this 15th day of August 2000 in accordance with a resolution of the Directors.

M W Broomhead
Director

independent auditors' report

to the members of Energy Resources of Australia Ltd.

Scope

We have audited the financial report of Energy Resources of Australia Ltd for the financial year ended 30 June 2000, consisting of the Profit and Loss Statements, Balance Sheets, Statements of Cash Flows, accompanying notes, and the Directors' Declaration set out on pages 28 to 53 The Financial Report includes the consolidated financial statements of the consolidated entity, comprising the Company and its controlled entities at the year's end or from time to time during the financial year. The Company's Directors are responsible for the Financial Report. We have conducted an independent audit of this Financial Report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Financial Report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidating entity's financial position and the performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the Financial Report of Energy Resources of Australia Ltd is in accordance with:

(a) the Corporations Law, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG
15 August 2000

T van Veen
Partner

shareholder information >

TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 7 August 2000

SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
BT Custodial Services Pty Ltd	1,797,846
National Nominees Limited	568,017
Citicorp Nominees Pty Limited	473,865
BT Custodial Services Pty Ltd	345,789
BT Custodial Services Pty Ltd	240,165
Ganra Pty Ltd	240,000
BT Custodians Limited	231,297
Reinsurers Investments Pty Ltd	221,837
Mrs Geok Siew Lim	157,965
BT Life Limited	131,590
BT Custodial Services Pty Ltd	127,884
QBE International	100,000
Clipper Investments Ltd	93,725
Dr Andrew Duncan	90,705
BT Life Limited	80,768
Caithness Consolidated Pty Ltd	80,000
AMP Nominees Pty Limited	63,464
Rexowa Pty Ltd	62,001
Total of top twenty holdings	135,557,022

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 94.88 per cent.

Entitlement to Votes

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

On a poll, every member present in person or by proxy or by attorney or by representative shall have one vote for each share held by him/her.

DISTRIBUTION OF SHAREHOLDERS as at 7 August 2000

(a) A Class Ordinary Shareholders

Equal to 74.90 per cent of the issued capital

NUMBER OF SHARES HELD	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1–1,000	6,263	84.30	1,352,800	0.95
1,001–5,000	871	11.72	2,284,300	1.60
5,001–10,000	165	2.22	1,315,499	0.92
10,001–100,000	118	1.59	2,926,488	2.05
100,001 and over	13	0.17	134,986,359	94.48
	7,430	100.00	142,865,446	100.00

(b) B Class Ordinary Shareholders

Equal to 14.46 per cent of the issued capital

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

(c) C Class Ordinary Shareholders

Equal to 10.64 per cent of the issued capital

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

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shares held as at 7 August 2000

A CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited*	65,042,208

B CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Cameco Resources Australia Pty Ltd	12,294,348
UG Australia Developments Pty Ltd	7,982,576
Interuranium Australia Pty Ltd	3,776,989
Cogema Australia Pty Ltd**	2,494,555
OKG Aktiebolag	1,025,000

C CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Japan Australia Uranium Resources Development Co Ltd	20,299,020

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

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

Stock Exchange Listing

ERA A Class shares are listed on the exchanges of the Australian Stock Exchange Ltd.

The home exchange is Sydney.

ten year performance >

YEAR ENDED 30 JUNE	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Sales Revenue ($000)	181,847	172,930	201,336	230,561	180,350	140,034	152,178	159,505	170,459	210,407
Earnings Before Interest and Tax ($000)	46,312	45,831	48,810	73,759	60,839	38,006	46,055	75,003	71,888	101,999
Profit Before Tax ($000)	44,280	43,152	47,617	71,572	58,560	35,424	44,281	72,528	69,089	101,604
Income Tax Expense ($000)	9,597	21,254	20,885	31,147	17,831	23,058	17,774	14,838	30,403	27,554
Profit After Tax ($000)	34,683	21,898	26,732	40,425	40,729	12,366	26,507	57,690	38,686	74,050
Total Assets ($000)	807,966	928,991	907,230	924,768	865,045	899,984	920,489	975,560	945,406	827,756
Shareholders' Equity ($000)	604,945	663,723	668,528	668,499	654,777	640,752	651,652	625,145	567,455	545,169
Long Term Debt ($000)	–	–	81,226	27,006	31,073	69,952	88,499	120,127	174,491	52,107
Current Ratio	1.0	1.4	3.5	1.4	2.2	2.1	2.3	2.0	2.3	2.2
Liquid Ratio	0.3	0.5	1.2	0.7	1.1	1.1	1.1	1.1	0.8	1.0
Gearing Ratio (%)	–	–	10.8	3.9	4.5	9.8	12.0	16.3	23.9	13.3
Interest Cover (times)	8.0	13.8	12.8	19.6	11.2	7.5	13.1	18.2	15.5	19.6
Return on Shareholders' Equity (%)	5.7	3.3	4.0	6.1	6.3	1.9	4.2	9.7	7.0	14.7
Earnings per Share (cents)	18	11	14	21	21	6*	7	14	9	18
Dividends per Share (cents)	49.0	14.0	14.0	14.0	14.0	252.5	–	–	4.0	10.0
Payout Ratio (%)	270**	122	100	66	66	1,758**	–	–	42	55
Share Price ($)	2.31	1.70	3.05	5.90	4.65	2.92	1.25	1.30	1.22	1.47
Price-Earnings Ratio	12.8	14.8	21.8	27.8	21.8	45.6	19.2	9.2	12.9	8.1
Dividend Yield (%)	21.2**	8.2	4.6	2.4	3.0	86.5**	–	–	3.3	6.8
Net Tangible Assets per Share ($)	3.17	3.48	3.50	3.50	3.43	3.36	1.59	1.52	1.38	1.33
No. of Employees	257	272	255	246	215	198	193	198	191	339
Profit After Tax per Employee ($000)	134.9	80.5	100.9	164.3	189.4	62.4	137.3	291.4	202.5	218.4
Ore Mined (million tonnes)	2.4	2.5	2.3	0.7	–	0.8	0.7	0.8	0.4	0.7
Ore Milled (million tonnes)	1.5	1.8	1.8	1.6	1.2	0.6	0.4	0.4	1.0	1.1
Mill Head Grade (% U_3O_8)	0.30	0.27	0.27	0.31	0.35	0.35	0.39	0.35	0.32	0.30
Mill Recovery (%)	91.6	91.1	86.8	85.5	85.1	82.9	85.7	90.6	89.8	90.8
Production (tonnes U_3O_8) – drummed	4,144	4,375	4,162	4,237	3,453	1,548	1,462	1,335	2,980	2,908
Sales – Ranger Concentrates (tonnes U_3O_8)	4,511	4,006	4,635	3,956	3,364	2,013	1,935	2,250	2,230	2,599
Sales – Other Concentrates (tonnes U_3O_8)	3	–	293	1,464	868	1,418	1,510	848	1,328	802
Sales – Total (tonnes U_3O_8)	4,514	4,006	4,928	5,420	4,232	3,431	3,445	3,098	3,558	3,401

* Based on reconstructed capital

** Based on special dividend

DEFINITION OF STATISTICAL RATIOS

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

2000 Objectives and achievements >

OBJECTIVE	OUTCOME
FINANCE	
Maximise shareholder value.	Retained earnings distributed by a special 31.0 cent dividend, with profit distributed in normal dividends of 18.0 cents.
Reduce debt level.	Borrowings reduced by 25 per cent to $58.0 million (1999: $77.3 million).
DEVELOPMENT	
Advance Jabiluka negotiations.	NLC announced no further negotiations on Ranger mill alternative until January 2005. However, as requested, ERA continues to provide the NLC with information and has expanded evaluation work on the project.
OPERATIONS	
Reduce water inventory.	Water inventory remains stable following an above average wet season.
Optimise inventory levels of U_3O_8.	Inventory reduced to optimal levels.
Further reduce unit cost of production.	Unit cost of production decreased by 5.9 per cent.
EMPLOYEES	
Continue to improve employment and training opportunities for local Aboriginal people.	Aboriginal employment initiatives upgraded with 20 per cent of the workforce now Aboriginal (1999: 15 per cent).
Continue ERA vision and values program.	ERA employees working towards an integrated vision and values with parent entity.
Maintain Five-Star Safety and Health rating.	Two injuries at site.
COMMUNITY	
Maintain and improve level of Aboriginal employment.	Aboriginal employment stands at 45 or 20 per cent of the workforce.
Progress Jabiluka negotiations.	NLC announced no further negotiations on Ranger mill alternative until January 2005. However, as requested, ERA continues to provide the NLC with information and has expanded evaluation work on the project.
ENVIRONMENT	
Maintain record of operating without detriment to the surrounding environment and the World Heritage values of Kakadu National Park.	Continued operations with no detrimental impact on Kakadu National Park, despite a process water leak in the Ranger Project Area.
Finalise landform parameters.	Rescheduled in order to ensure the most effective methodology is used.
Finalise implementation of the site Environmental, Safety and Health Management System.	Additional elements implemented as System is continually updated and upgraded.
MARKETING	
Continue to write new long term contracts consistent with expanded production capacity.	Three new long-term contracts signed during 1999/2000.
Optimise stock levels.	Inventory decreased to optimal levels.
Maintain 8 per cent share of western world uranium requirements.	Sales at 7 per cent of western world uranium requirements.

DESIGNED AND PRODUCED BY ARMSTRONG MILLER+McLAREN, SYDNEY – MELBOURNE.

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MANAGEMENT

R Cleary – Chief Executive

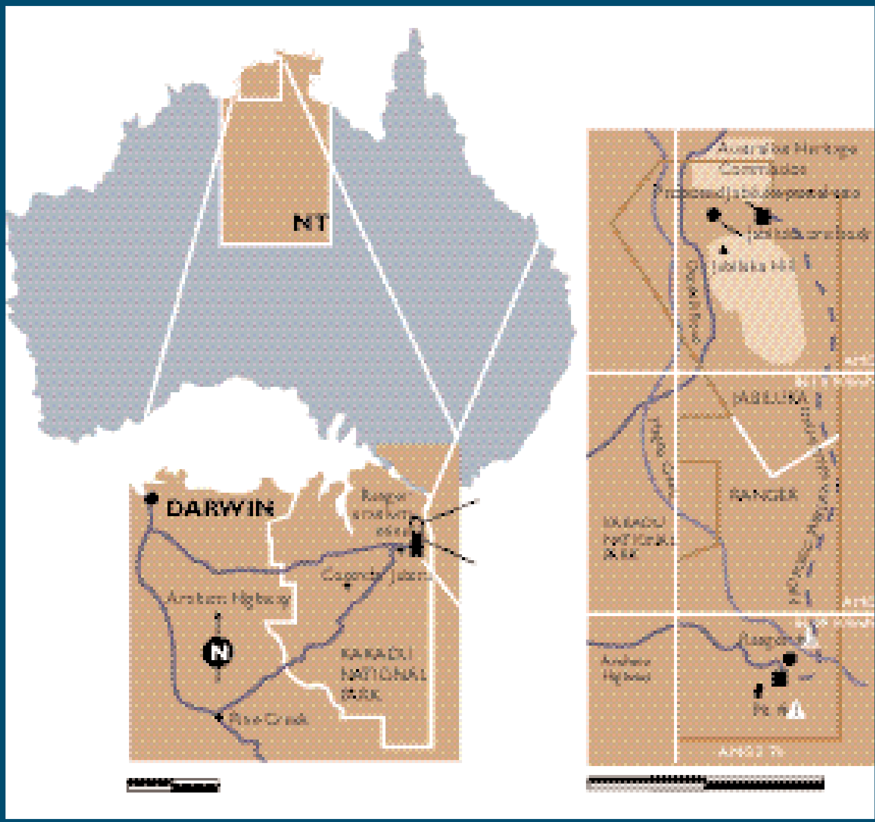
J Hughes – Chief Financial Officer

W Davies – General Manager – Marketing

Dr A Milnes – General Manager – EWL Sciences

Secretary – J Hughes

Auditors – KPMG



A wide range of publications is available from ERA. The full list can be viewed on our website.

Announcements

2000 FINANCIAL YEAR

4 July 1999	Jabiluka milestone reached today
13 July 1999	ERA says decision is a turning point
15 July 1999	Quarterly Production and Exploration Report to 30 June 1999 (unaudited)
19 August 1999	ERA Full Year Results
30 September 1999	Year 2000 Information Statement to the Stock Exchange
21 October 1999	Chairman and Chief Executive's addresses – AGM
22 October 1999	Quarterly Profit, Production and Exploration Report to 30 September 1999 (unaudited)
22 October 1999	AGM Resolutions
26 October 1999	ERA to focus on Mill at Jabiluka
18 November 1999	ERA Declares Special Dividend
29 November 1999	Appointment of Director and Secretary
28 January 2000	Half Yearly Profit, Production and Exploration Report to 31 December 1999 (unaudited)
18 April 2000	Appointment of Secretary
19 April 2000	Quarterly Profit, Production and Exploration Report to 31 March 2000 (unaudited)
2 May 2000	Leakage at ERA's Ranger Uranium Mine
25 May 2000	Appointment of Assistant Company Secretary
27 June 2000	Ranger Mine Initiatives

2001 FINANCIAL YEAR

12 July 2000	Quarterly Production and Exploration Report to 30 June 2000 (unaudited)
25 July 2000	North Limited releases Target Statement
10 August 2000	ERA 1999/00 Financial Year – Release by North Limited of full year results
15 August 2000	ERA Full Year Results
15 August 2000	ERA New Appointments

PROPOSED ANNOUNCEMENTS

19 October 2000	ERA Annual General Meeting
19 October 2000	Quarterly Profit, Production and Exploration Report to 30 September 2000 (unaudited)
18 January 2001	Half Yearly Profit, Production and Exploration Report to 31 December 2000 (unaudited)
19 April 2001	Quarterly Profit, Production and Exploration Report to 31 March 2001 (unaudited)
30 June 2001	End of financial year