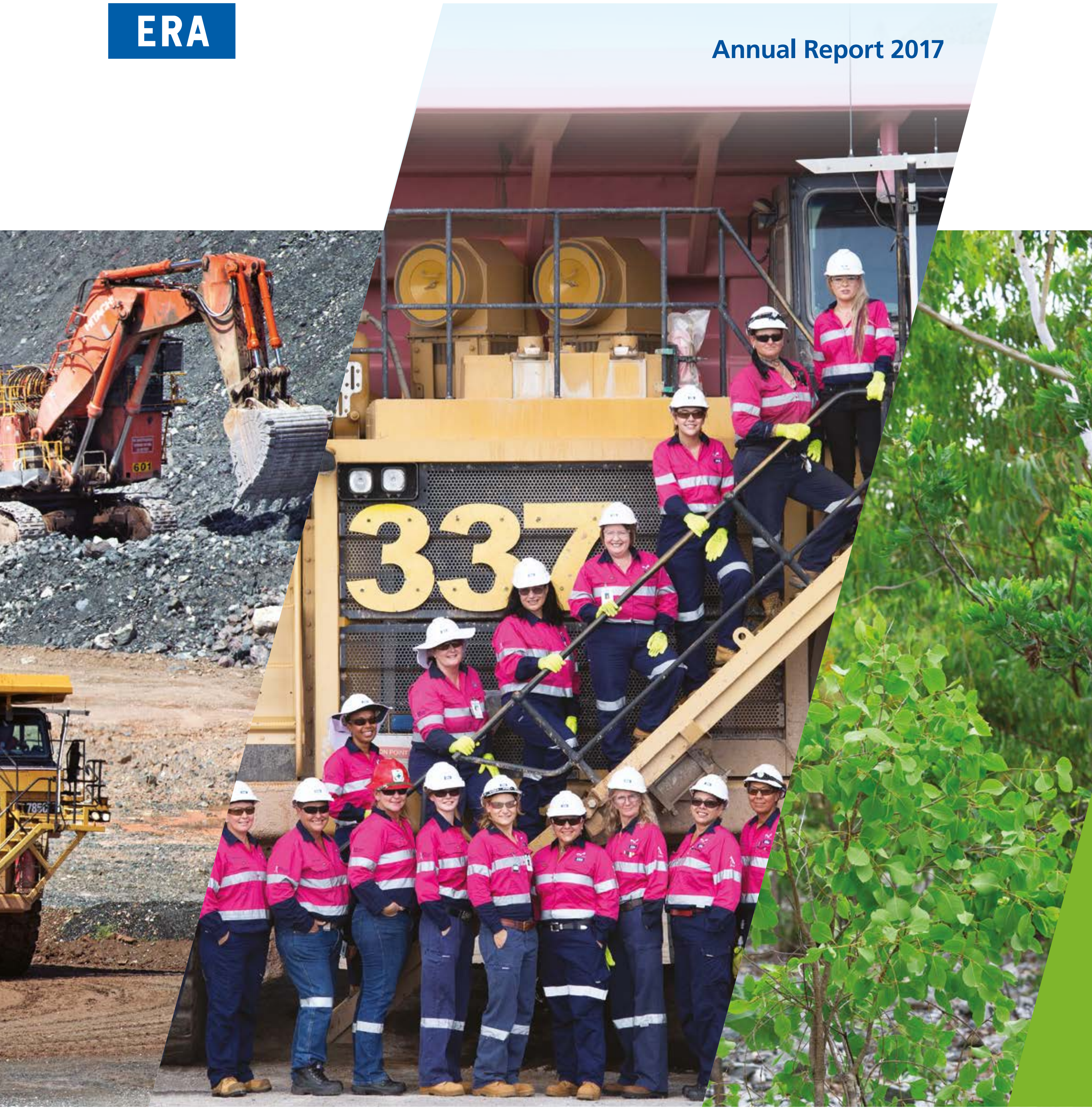
ERA

Annual Report 2017



YEAR IN REVIEW 2017

P7
$468 million total cash resources

P8
Pit 1 Surface backfill commenced

P9
Local Business engaged for seed collection

P12
Ranger Ore Reserves 5,783 tonnes

P15
Average realised price US$34.75 per pound

P16
All Injury Frequency Rate 1.17

P7
Revised Sales and Marketing Agreement executed

P7
$8 million in operating cash flow

P8
Produced 2,294 tonnes of uranium oxide

P9
Stakeholder feedback incorporated into draft Ranger Closure Plan

P25
Ongoing land management at Jabiluka

P26
Female employment participation rate 18%

P26
Indigenous participation rate 13%

P26
341 Full Time Equivalent employees

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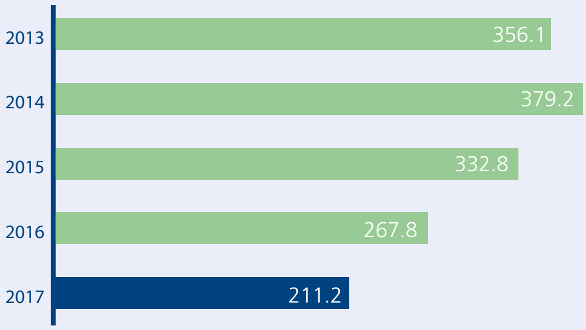
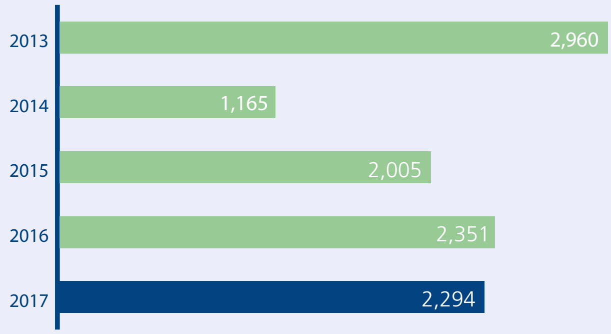
2017 YEAR IN REVIEW

SALES REVENUE ($M)

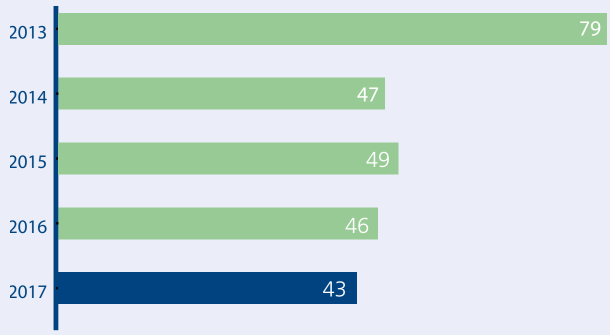


DRUMMED PRODUCTION TONNES (T)

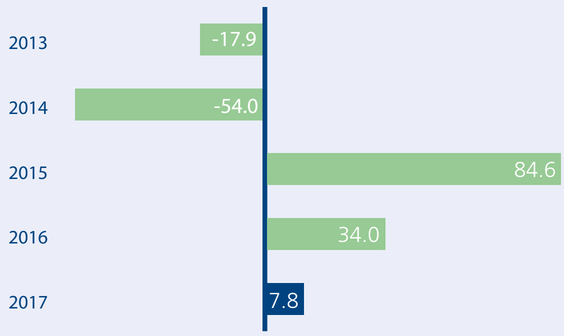


NET PROFIT AFTER TAX ($M)

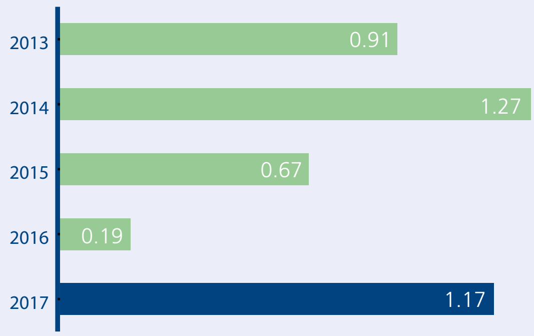
INDIGENOUS EMPLOYEES (FTES)



OPERATING CASHFLOW ($M)



ALL INJURY FREQUENCY RATE (PER 200,000 HRS WORKED)



COMPANY OVERVIEW

Energy Resources of Australia Ltd (ERA) acknowledges the Mirarr people, Traditional Owners of the land on which ERA operates.

ERA operates the Ranger uranium mine, Australia's longest continually operating uranium mine.

ERA has provided international customers with reliable supply of uranium oxide (U_3O_8) in the 36 years since production at Ranger began. During that time, Ranger has produced in excess of 125,000 tonnes of uranium.

The Ranger mine's operational infrastructure lies within the 79 square kilometre Ranger Project Area, which is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in the Northern Territory of Australia. ERA's operations on the Ranger Project Area are undertaken pursuant to an authorisation granted under section 41 of the *Atomic Energy Act 1953* (Cth) (the Ranger Authority).

ERA is currently processing stockpiled ore following the completion of open cut mining in 2012.

The Ranger 3 Deeps ore body contains a Mineral Resource of 43,858 tonnes of contained uranium oxide, comprised of 19.58 million tonnes at an overall grade of 0.244% U_3O_8. Following a decision in 2015 not to progress the Ranger 3 Deeps project to full feasibility study, the exploration decline and associated infrastructure remain under care and maintenance. In order to fully develop the Ranger 3 Deeps resource, ERA would require an extension to the Ranger Authority which expires in January 2021.

ERA also holds title to the world-class Jabiluka Mineral Lease. In accordance with the Jabiluka Long Term Care and Maintenance Agreement, the Jabiluka deposit will not be developed by ERA without the approval of the Mirarr Traditional Owners.

The Ranger Project Area and the Jabiluka Mineral Lease are located on Aboriginal land and are surrounded by, but are separate from the World Heritage-listed Kakadu National Park.

In addition to the Ranger Authority, ERA's uranium mining activities are regulated through Commonwealth and Northern Territory legislation. ERA has also entered into a suite of agreements which govern its operations on the Ranger Project Area with the Gundjeihmi Aboriginal Corporation, on behalf of the Mirarr Traditional Owners, the Northern Land Council and the Commonwealth Government.

ERA has a sales and marketing agreement with Rio Tinto Uranium pursuant to which ERA's product is sold to international power utilities under strict international and Australian Government safeguards which ensure that Australian uranium is only used for peaceful purposes.

ERA is committed to strong environmental management practices. The previously exhausted open cut mines at Ranger, as well as the Jabiluka site, are being progressively rehabilitated in line with regulatory requirements.

The Company's shares are publicly held and traded on the Australian Securities Exchange, with Rio Tinto, a diversified resources group, currently holding 68.4 per cent of ERA shares.

ERA is committed to strong environmental management practices. The previously exhausted open cut mines at Ranger, as well as the Jabiluka site, are being progressively rehabilitated in line with regulatory requirements.

CHAIRMAN'S REPORT

PETER MANSELL
CHAIRMAN

As a supplier of clean fuel to the nuclear energy industry for almost 37 years, Energy Resources of Australia has gained a global reputation as a world class producer of uranium.

At present, Ranger is transitioning from a mine which has produced billions of dollars' worth of uranium to what will be a billion dollar major rehabilitation project.

ERA has been a leader in finding, mining and exporting uranium to the highest standards – and under great scrutiny and regulation. Now, our rehabilitation efforts will attract the same scrutiny – and high expectations.

Just as operating a uranium mine brings with it the responsibility of working safely under the most stringent conditions surrounding the environment, transportation and exportation, closing a mine raises a whole new set of challenges and regulations. It is this scenario which is largely untested for any mine in Australia.

More than ever the spotlight is on the credibility of ERA and the relationship that it has with Traditional Owners and other stakeholders.

Mining companies are generally not required to rehabilitate to such a degree as to backfill depleted pits, landform, manage gigalitres of water and revegetate to incorporate disturbed land into the surrounding landscape.

Yet, this is the task at hand at Ranger towards 2026 and we embrace the opportunity to deliver excellence in mine rehabilitation in Australia by employing modern science to restore the disturbed land economically and sustainably.

Along with this, ERA has carefully consulted with and been guided by the views of the Mirarr Traditional Owners in this process. The Mirarr have assisted and continue to be consulted along with our regulators and other key stakeholders at every stage of the rehabilitation process.

This has served to strengthen the relationship between the Company and the Traditional Owners and to develop a deeper understanding between the two parties. It is a relationship which builds trust and credibility.

With the application of best practice and the use of technology, the closure strategy has been developed in line with our own internal standards, and aligned with the Australian and New Zealand Minerals and Energy Council and the Minerals Council of Australia Strategic Framework for Mine Closure.

ERA's long-term vision is to return the disturbed area to a viable ecosystem in line with our obligations to our stakeholders and regulators and the expectations of the community.

ERA will strive to be internationally recognised for its achievements in mine closure. It is this which will contribute to maintaining our licence to operate in order to unlock future growth and to pave the way for future Australian uranium mining operations.

Australia has an abundance of uranium; almost a third of the world's total, with the most significant deposits found in the Northern Territory, South Australia, Western Australia and Queensland.

Government policy means that at present, uranium is able to be mined in just three of these jurisdictions, Western Australia, South Australia and the Northern Territory. In order to unlock this massive potential, it is vital that rehabilitation is completed to the highest standards to satisfy the public's expectations and to earn respect and trust from our stakeholders.

With sentiment towards nuclear power changing globally, Australia is in the box seat to be a major supplier to the world. At present, Australia exports almost $1 billion per year of uranium out of the country's total resources exports of $198 billion.

In order to see this grow, and create more employment and prosperity for communities, we must first set a positive example of how to successfully rehabilitate uranium mines.

We, at ERA, are extremely lucky to have the quality Management team and other staff that we do have. On your behalf, I'd like to thank Paul Arnold, and Andrea Sutton before him, as well as their teams for exemplary performances in circumstances that have not been easy.

Peter Mansell
Chairman

CHIEF EXECUTIVE'S REPORT

PAUL ARNOLD
CHIEF EXECUTIVE

It was an honour to be appointed as your Chief Executive in August 2017. Since my appointment I had the pleasure of meeting the Traditional Owners on country to develop a deeper understanding of the cultural significance of the region in which we operate.

CARING FOR PEOPLE AND COUNTRY

ERA's number one focus remains on the safety of our people and the environment with the goal of zero harm.

This commitment has delivered progressive improvements in safety performance and, in the first half of 2017, ERA was on track to continue that trend. However, a number of injuries during the second half of 2017 prompted a 'whole of company' refocus to better understand the possible causes and implement solutions.

During the year, we continued work started in 2016 to embed Critical Risk Management (CRM), a global Rio Tinto safety initiative designed to ensure there is a clear understanding of what fatal risks are associated with work activities and to ensure there are verified effective controls in place.

In addition, we continued to embed the Process Safety Management Plan during 2017.

EXCELLENCE IN OPERATIONS AND REHABILITATION

In 2017, ERA delivered strong results in terms of positive cash flow generation, operational performance and rehabilitation gains.

This was delivered through a sustained focus on maximising cash flow from uranium oxide production from stockpiles, achievement of key rehabilitation milestones, cost management and operational efficiencies.

ERA continues to process ore drawn from existing low-grade stockpiles and with sufficient ore reserves to potentially sustain processing until January 2021.

In 2017 ERA continued to deliver excellent results in progressive rehabilitation, achieving another key milestone for Pit 1, with regulatory approval granted in April for the final waste rock cap layer. Approximately 3.6 million tonnes of waste rock was placed over the impervious laterite cap which in turn encapsulated the tailings previously deposited in Pit 1.

Placement of the waste rock layer will continue until late 2019 ahead of final land forming to reflect natural terrain and local native tree species.

Pit 3 continues to receive tailings directly from milling operations as well as tailings dredged from the Tailings Storage Facility.

The environment surrounding Ranger continued to be protected during the year.

STRENGTHENING RELATIONSHIPS FOR THE FUTURE

Extensive stakeholder engagement is a continual and critical process at ERA, and we thank them for their ongoing support.

Throughout the year ERA engaged with the Mirarr Traditional Owners and other key stakeholders on a range of issues.

An important example of this engagement is the development of ERA's Ranger Mine Closure Plan. In late 2016 ERA released the plan in draft form, seeking feedback from our wide group of stakeholders, including Traditional Owners.

That feedback has now been incorporated, and ERA intends to release the plan as a public document in 2018.

Another key area of engagement for ERA relates to discussion around the future of the town of Jabiru and input into the Jabiru Steering Group for when the current town Head Lease expires in July 2021.

ERA completed a Social Impact Assessment (SIA) for Jabiru during 2017. The SIA identified the potential impacts of ERA's rehabilitation obligations currently tied to the expiry of the town Head Lease.

ERA also engages with Traditional Owner representatives, regulators and other key stakeholders regarding environmental management, safety and progressive rehabilitation.

EVERYONE CONTRIBUTES

The Company maintains a strong focus on Indigenous employment and is a major employer in Jabiru and the West Arnhem region.

In 2017, the Indigenous employment rate was maintained at 13 per cent as we continued to provide employment opportunities for local Indigenous people through various programs.

Our focus on inclusion and diversity saw the establishment of the Ranger Women's Network and an increase in female participation rates to 18 per cent.

ERA recognises that the requirement to cease processing at Ranger no later than January 2021 creates some uncertainty for our workforce. As part of our planning to cease production and rehabilitate Ranger by January 2026, we are committed to providing employees with options to diversify their skill sets, experience and career opportunities and have commenced a program called "My Future Plan" to support this.

Finally, I would like to take this opportunity to recognise the hard work and dedication of the ERA team of employees and contractors. I look forward to working with the team and our stakeholders in successfully delivering on our priorities in 2018.

Paul Arnold
Chief Executive

2018 OBJECTIVES

The Company's objective is to continue to safely produce uranium oxide, while advancing the progressive rehabilitation of the Ranger Project Area, protecting the environment, contributing to both the global energy market and local economy and enhancing shareholder value.

Health, Safety and Environment

Committed to the goal of zero harm by caring for people and country:

- complete the roll out of the Critical Risk Management program;
- complete embedding of the Process Safety Management Program; and
- continue to protect the World Heritage-listed Kakadu National Park through effective risk assessment and environmental management plans.

Financial

Maximise cash generation and shareholder value:

- maximise operational efficiencies and continue to identify cash generation opportunities; and
- maintain optionality over the Ranger 3 Deeps and Jabiluka ore deposits.

Operations

Economically produce uranium from stockpiled ore:

- optimise production of uranium oxide; and
- monitor and manage the integrity of the processing plant and operating assets.

Rehabilitation and closure

Continue progressive rehabilitation of the Ranger Project Area:

- complete the feasibility study on rehabilitation activities;
- provide assurance to stakeholders that rehabilitation can be fully delivered and funded in all business scenarios;
- optimise the performance of the dredge;
- finalise closure criteria by working with the respective stakeholders and regulators; and
- continue revegetation work on disturbed land.

Communities and government

Strengthen relationships with key stakeholders:

- actively engage with the representatives of the Mirarr Traditional Owners and the Gundjeihmi Aboriginal Corporation, to achieve mutually beneficial outcomes for the Company, the Traditional Owners and shareholders;
- engage with governments and their agencies to ensure timely outcomes on the Company's objectives; and
- continue to work with Governments, Traditional Owners and stakeholders to plan for the future of Jabiru.

People

Foster a safe, capable, committed and diverse workforce where everyone contributes:

- continue to support inclusion and diversity within ERA;
- continue to grow regional training and development programs;
- provide leadership and development opportunities for the workforce; and
- implement the 'My Future Plan' program to facilitate a successful career transition for employees following the planned end of production at Ranger in 2021.

OPERATING AND FINANCIAL REVIEW

Financial Performance

ERA generated positive cash flow from operating activities of $8 million in 2017 compared to $34 million in 2016.

ERA held total cash resources of $468 million at 31 December 2017, representing an increase of $2 million over the period. Total cash resources at 31 December 2017 comprised $395 million in cash at bank and $73 million of cash held by the Commonwealth Government as part of the Ranger Rehabilitation Trust Fund. The Company has no debt.

ERA recorded a net loss after tax of $44 million compared to a net loss after tax of $271 million in 2016. This loss was in part due to a non-cash charge of $21 million for increases to the rehabilitation provision. The prior period net loss after tax was largely a result of a $231 million non-cash impairment write down of ERA's property, plant and equipment during 2016. No impairment charges have been recorded during 2017.

REVENUE

Revenue from the sale of uranium oxide was $211 million (2016: $268 million). Despite achieving an average realised price well in excess of the average spot price in 2017, the average realised price was lower than 2016. This together with reduced volumes and exchange rate movements adversely impacted overall revenue.

Sales volume for 2017 was 2,089 tonnes compared with 2,139 tonnes for 2016. The average realised sales price that ERA received for uranium oxide in 2017 was US$34.75 per pound compared to US$41.87 per pound in 2016. This compares favourably against the average spot price for 2017 of US$21.78 per pound.

With uranium oxide sales denominated in US dollars, the strengthening of the Australian dollar had a negative impact on ERA's financial results. The average USD/AUD exchange rate during the year was 0.76 US cents, compared with 0.74 US cents for 2016.

In April 2017, ERA received a net payment of $15 million from insurers associated with the settlement of a business interruption claim arising from the 2013 failure of leach tank 1. This receipt is included in cash flow from operating activities.

OPERATING COSTS

Cash costs for 2017 were lower than the corresponding period in 2016. This was driven by ERA continuing to focus on cash preservation and improved efficiencies.

ERA's cash generation program continued to identify further opportunities for savings and efficiency improvements across the business in 2017. Work on pursuing additional opportunities will continue in 2018. Favourable input costs were achieved through the ongoing negotiation of procurement contracts and productivity improvements.

No depreciation has been recorded in 2017 due to ERA fully impairing the Ranger Cash Generating Unit in 2016.

CAPITAL EXPENDITURE

Capital expenditure for the year was $7 million compared to $3 million in 2016. All expenditure in 2017 related to sustaining capital expenditure activities. In 2017, capital expenditure was immediately written off to the Statement of Comprehensive Income and recorded in other expenses. This is a result of the Ranger Cash Generating Unit being fully impaired in 2016.

REHABILITATION

Progressive rehabilitation of the Ranger Project Area continued with expenditure of $27 million incurred during 2017. Expenditure was primarily associated with the dredge operating to transfer tailings from the Tailings Storage Facility to Pit 3, the backfill of waste material into Pit 1 and the commencement of a rehabilitation feasibility study.

A routine review conducted in late 2017 resulted in the overall estimate of the rehabilitation provision increasing by $21 million. The review included an updated evaluation of key assumptions and incorporates learnings from work conducted to date. The overall rehabilitation strategy remains unchanged.

ERA commenced a feasibility study of rehabilitation in the final quarter of 2017. The study, which is expected to be completed by the third quarter of 2018, aims to further refine scheduled rehabilitation activities and execution of plans.

The rehabilitation provision at 31 December 2017 was $526 million.

REVISED SALES & MARKETING AGREEMENT

In August, ERA entered into an Amended and Restated Agreement for the Sale and Purchase of Natural Uranium Concentrates with Rio Tinto Uranium.

Under the revised agreement, ERA's allocation of existing Rio Tinto Uranium contracts is fixed with effect from 1 January 2017. The allocation substantially aligns with remaining production volumes forecast from Ranger through to 2021. Fixing the allocation provides greater certainty over ERA's future revenue.

OPERATING AND FINANCIAL REVIEW

Operations

In 2017, ERA produced 2,294 tonnes of uranium oxide, which was in line with market guidance (2,000 to 2,400 tonnes). Average ore head grade for 2017 was 0.10 per cent uranium oxide (2016: 0.10 per cent) and the average recovery rate was 84.7 per cent.

Plant throughput of 2.6 million tonnes of uranium ore and peak primary milling rates of 321 tonnes per hour were achieved through a consistent and sustained approach to optimised plant performance.

In May, Ranger completed its annual maintenance shutdown on time, on plan and with no safety incidents.

Process safety continued to be a key focus at Ranger during 2017, with the embedding of the Company's Process Safety Management Plan. Following the successful completion of a period of regulatory oversight, ERA has engaged Noetic Risk Solutions to continue to oversee implementation of the plan and further improve process safety management. Noetic Risk Solutions undertook two oversight field visits at Ranger in 2017 and concluded that the Company was effectively implementing critical controls and embedding process safety. The engagement of Noetic Risk Solutions and field visits will continue in 2018.

PROGRESSIVE REHABILITATION

ERA continued to implement a program of progressive rehabilitation to rehabilitate those sections of the Ranger Project Area disturbed by operational activities at the earliest opportunity. The planning of operational activities continues to be conducted in parallel with rehabilitation processes to achieve optimal outcomes. ERA's progressive rehabilitation activities are based on extensive research, studies and consultation with stakeholders. These inform ERA's closure strategy and the Ranger Closure Plan, which sets out the Company's rehabilitation objectives and planned future activities in detail.

TAILINGS AND BRINE MANAGEMENT PROJECT

The Tailings and Brine Management Project remains a key component of ERA's closure strategy. This project coordinates the rehabilitation of Pit 1, Pit 3 and the Tailings Storage Facility.

In addition, this project considers the management of tailings waste from ongoing milling activities until the planned end of production in January 2021 and the management of the concentrated brine waste stream from the Brine Concentrator.

The project provides an integrated operational pathway for:

- dredging and pumping tailings from the Tailings Storage Facility into Pit 3;
- pumping tailings from the mill directly into Pit 3;
- returning excess water from Pit 3 to the Tailings Storage Facility;
- pumping water from the Tailings Storage Facility to the Brine Concentrator for treatment;
- converting the Pit 1 catchment area from process water to pond water; and
- final rehabilitation of the exhausted Pits 1 and 3.

Tailings and brine management activities continued to achieve significant progress in 2017. The dredge transferred 3.7 million cubic metres of tailings from the Tailing Storage Facility to Pit 3.

Excess process water from Pit 3 is pumped back to the Tailings Storage Facility, and from there is directed to the Brine Concentrator for treatment. The concentrated brine waste stream from the Brine Concentrator, currently being directed to the Tailings Storage Facility, will eventually be injected into Pit 3. The treated water from the Brine Concentrator is released into constructed wetlands prior to release off site.

BRINE CONCENTRATOR

The Brine Concentrator treats process water and is a key part of the rehabilitation infrastructure at Ranger. A number of technical adjustments were made to the Brine Concentrator during the year, resulting in materially improved production output.

These technical adjustments included the installation and commissioning of permanent seed cyclones, improvements in the evaporator chemical cleaning process and the trial installation of evaporator distribution plate screens.

During the year, the Brine Concentrator produced 1,795 megalitres of distillate.

REHABILITATION OF PIT 1

ERA continued to make significant progress in the rehabilitation of the original Pit 1 mining operation.

ERA has stored mill tailings in the pit as required by the Ranger Authority. Approximately 7,700 dewatering wicks were installed in 2012, along with a geotextile fabric layer and a pre-load rock layer to compress the tailings mass. The weight of the pre-load rock layer forces the water in the tailings to the surface via the drainage wicks where it was collected and pumped to the Tailings Storage Facility.

The pre-load rock layer was capped with an impervious layer of laterite in 2016 to prevent surface water infiltration across the 39.3 hectare site. Regulatory approval permitting ERA to begin the final stages of backfill was obtained in April 2017 and this work is now underway, with 3.6 million tonnes placed in 2017.

OPERATING AND FINANCIAL REVIEW

REHABILITATION OF PIT 3

Mining of Pit 3 was completed in late 2012, followed immediately by initial backfill with waste rock to form an underfill drain. In 2013, approximately 33 million tonnes of waste rock was placed into the base of the pit along with five brine injection wells which are used to inject the reject waste stream from the Brine Concentrator into the base of Pit 3.

In addition, tailings from both the Tailings Storage Facility and ongoing processing plant are now being transferred into Pit 3. On completion of the transfer of tailings to Pit 3, the final rehabilitation of Pit 3 will commence.

In similar fashion to Pit 1, wicks will be installed into the tailings mass within the pit and then covered with a geofabric membrane, prior to initial preload. Bulk backfilling is expected to commence in 2023, followed by final landform contouring and revegetation.

RANGER CLOSURE PLAN

ERA submitted a draft of the Ranger Closure Plan to relevant stakeholders for review at the end of 2016. During 2017, the Company incorporated feedback received from stakeholders and now plans to publicly release the plan in 2018.

The Ranger Closure Plan includes a detailed works program that identifies the activities that the Company plans to undertake in order to meet the closure objectives set out in the Ranger Authorisation and associated Environmental Requirements.

The plan also includes proposed closure criteria for the Ranger mine which address the key themes of the final landform, radiation, water, flora and fauna, soils and cultural heritage. These criteria continue to be developed in consultation with the Gundjeihmi Aboriginal Corporation, the Northern Land Council, the Supervising Scientist Branch, the Northern Territory Department of Primary Industry and Resources and the Commonwealth Department of Industry, Innovation and Science.

REHABILITATION OBJECTIVES

ERA's objective is to rehabilitate the Ranger Project Area to form one final landform across the site which will blend in with the surrounding landscape. Most rehabilitation work will occur in and around the mine footprint, an area of disturbance of approximately 950 hectares.

A number of key tasks form the basis of the closure strategy, including:

- transfer of tailings from the Tailings Storage Facility to the exhausted Pits 1 and 3;
- treatment of all pond and process water inventories;
- remediation of the Tailings Storage Facility and contaminated sites;
- re-shaping of the stockpiles and disturbed areas of the Ranger Project Area to establish a final landform; and
- revegetation of the final landform using locally sourced native seeds.

The long term goal is to establish a fully functioning landform and ecosystem that is similar to the surrounding Kakadu National Park.

As part of ERA's progressive rehabilitation strategy many of these closure activities are well underway.

The transfer of tailings to Pit 1 was completed in late 2008 and the pit is now entering its final stages of backfilling with waste rock in preparation for final landform construction in 2020. In addition, tailings continue to be dredged from the Tailings Storage Facility and transferred to Pit 3, while process water from the Tailings Storage Facility is being treated by the Brine Concentrator prior to release into constructed wetlands and then offsite. This task is also expected to be completed during 2020.

ERA's approach to revegetation is informed by the long-running trial landform research, which began in 2009 to provide for testing of landform design and revegetation strategies. The trial landform used locally sourced native plant species planted out as tube stock into the type of waste rock to be used in the final landform process.

MILLIONS OF SEEDLINGS

ERA has engaged local Indigenous business Kakadu Native Plants Pty Ltd to collect local native plant seeds under licence and to establish tube stock seedlings suitable for planting into the finished rehabilitated landform.

There is approximately 950 hectares of highly disturbed area to rehabilitate, with an estimated 1,200 seedlings required per hectare just for the canopy framework trees.

The list of plant species to be used for revegetation includes trees and shrubs, consisting of 'framework' and 'niche' species.

The final landform represents landscape gardening on an industrial scale, using waste rock shaped and contoured to blend with the undulations and terrain characteristics of the surrounding land.

The revegetation techniques will draw upon the learnings of the ongoing trial landform, studies undertaken by ERA and the Environmental Research Institute of the Supervising Scientist on analogue sites, and previous revegetation work conducted at Ranger mine. Of the different revegetation techniques trialled, the most successful shows primary tree cover to more than six metres, natural recruitment and regeneration in waste rock, and colonisation by a wide variety of native birds and animals.

OPERATING AND FINANCIAL REVIEW

Business Strategy

ERA's vision is to be a world-class supplier that contributes to environmental sustainability and is trusted by Traditional Owners and the community.

ERA holds two undeveloped uranium resources of international significance at Ranger 3 Deeps and Jabiluka.

In addition, ERA has stockpiled Ore Reserves at Ranger that, in the absence of development of other resources, are potentially sufficient to sustain operations until January 2021.

ERA's near-term strategic priorities are:

- continue the progressive rehabilitation of the Ranger Project Area and provide assurance to stakeholders that rehabilitation can be fully funded in a range of business scenarios;
- maximise the generation of cash flow from the processing of stockpiled ore, which can be potentially sustained until the current Ranger Authority expires in January 2021; and
- preserve optionality over our undeveloped resources, periodically assessing care and maintenance strategies for the Ranger 3 Deeps exploration decline and related infrastructure.

CURRENT OPERATIONS

Current operations rely on the processing of uranium ore stockpiles following the cessation of open pit mining in Pit 3.

The Company's estimate of Ore Reserves for the Ranger stockpiles at 31 December 2017 was 5,783 tonnes of contained uranium oxide.

The Company has generated positive cash flow from the processing of stockpiled ore in each year since the cessation of open pit mining operations in 2012. The Company has initiatives in place to reduce costs and improve productivity to offset the adverse impact of declining ore grades over time.

Subject to market conditions, and in the absence of further mine development, the mine plan which supports the Ore Reserves Statement assumes that stockpiled ore can continue to be economically produced at Ranger until January 2021.

RANGER 3 DEEPS

The Ranger 3 Deeps project involved the construction of a 2,710 metre exploration decline and an associated underground exploration drilling program designed to pave the way to a potential underground mine.

The exploration decline and associated infrastructure remain under care and maintenance.

The Ranger 3 Deeps Mineral Resource remains unchanged for 2017 at 19.58 million tonnes at an overall grade of 0.224% U_3O_8, representing 43,858 tonnes of contained uranium oxide.

JABILUKA

In addition to Ranger 3 Deeps, the Jabiluka Mineral Lease remains one of ERA's key assets. Jabiluka is a large, high quality uranium ore body of global significance.

ERA has entered into a Long Term Care and Maintenance Agreement in relation to the Jabiluka resource.

Future mining developments at Jabiluka will not occur without the consent of the Mirarr Traditional Owners.

BUSINESS RISKS

The business risks that could adversely affect the achievement of the financial performance or financial outcomes of the Company are described below.

Undeveloped Resources

The Company has significant undeveloped uranium resources at Ranger 3 Deeps and Jabiluka.

In 2015, the ERA Board determined that development of the Ranger 3 Deeps project would not proceed to Final Feasibility study as a result of the operating environment. This was, in part, due to the Board's assessment that the economics of the project required operations beyond the current Ranger Authority, which permits processing operations until January 2021. An extension of the Ranger Authority would enable the Company to revisit the project's economics over time.

Support from the Mirarr Traditional Owners is a key factor in the Company's ability to secure an extension to the Ranger Authority. In the second half of 2015, representatives of the Mirarr Traditional Owners withdrew from negotiations with the Company on the possibility of an Authority extension.

In relation to Jabiluka, ERA has agreed that future mining development will not occur without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

Rehabilitation

ERA has authority to produce uranium oxide at the Ranger Project Area until January 2021 and must fully rehabilitate the site by January 2026.

While ERA has used its best estimate, the ultimate cost of rehabilitation can vary in response to factors such as legal requirements, technical change and market conditions. In the event that ERA is unable to fully fund the Ranger rehabilitation program from its cash reserves, and in the absence of any other successful developments or asset sales, the Company may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area. In 2016, the Company entered into a $100 million credit facility agreement with Rio Tinto for this purpose.

OPERATING AND FINANCIAL REVIEW

Water Management

Management of water on the Ranger Project Area is critical to the ongoing operation of ERA's processing and rehabilitation activities. ERA has a number of procedures and initiatives underway in respect to water management, including the Brine Concentrator. To the extent that these initiatives cost more than expected or ERA is required to implement further initiatives, ERA's financial and operational performance and position may be impacted.

UraniumMarketDemand,PriceandForeignExchangeRisks

ERA's business relates primarily to the production and subsequent sale of uranium oxide to Rio Tinto Uranium for on sale to a variety of customers. Demand for, and pricing of, uranium oxide remains sensitive to external economic and political factors, many of which are beyond ERA's control. Global uranium and foreign exchange market fluctuations may materially affect ERA's financial performance.

General Regulatory Risks

Uranium mining in Australia is extensively regulated by Commonwealth, State and Territory Governments.

In particular, the approval processes for uranium mining are more onerous, and therefore more costly, than for the mining of other minerals. Government actions in Australia and other jurisdictions in which ERA has interests, including new or amended legislation, guidelines and regulations in relation to the environment, uranium or nuclear power sectors, competition policy, native title and cultural heritage could impact ERA's operations.

Operational aspects that may be affected include, among other things, land access rights, the granting of licences and other tenements, the extension of mine life and the approval of developments.

Capital and Liquidity Risks

The future liquidity and capital requirements of the Company will depend on many factors. Should current forecasts for foreign exchange rate, prices, costs, resource and mining techniques not be realised, and in the absence of any other successful developments, the Company may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area. In 2016, the Company entered into a $100 million credit facility agreement with Rio Tinto for this purpose.

Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the Annual Plan is then independently assessed and costed and the amount to be provided by the Company into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees.

The Company's ability to continue to access financial guarantees can be influenced by many factors including future cash balance, cash flows and shareholder support. Should one or more of the financial guarantees be withdrawn at any time and the Company is unable to access replacement guarantees, substantial additional cash would be required to be deposited into the Trust Fund. In a scenario where this occurs the Company's cash resources available to fund operations would reduce. The Company has plans in place to address these risks, including the credit facility agreement with Rio Tinto.

Regulators and Stakeholders

Regulatory approvals would be required to commence any production from the Ranger 3 Deeps mine or on any other parts of the Ranger Project Area and the Jabiluka Mineral Lease. If regulatory approvals are not obtained or are obtained on unsatisfactory conditions, ERA will not be able to proceed with those developments.

▲ Approximately one third of Ranger's Tailings Storage Facility has been dredged

FUTURE SUPPLY

EVALUATION AND EXPLORATION

There was no evaluation or exploration expenditure for 2017. ERA suspended the final stage of the surface exploration program on the Ranger Project Area in 2015 to preserve cash following the deferral of the Ranger 3 Deeps project.

The Ranger 3 Deeps exploration decline and associated infrastructure remains under care and maintenance.

RANGER 3 DEEPS RESERVES AND RESOURCES

The economic assumptions for the Ranger 3 Deeps Mineral Resource uses a cut-off grade of 0.11% U_3O_8. The Ranger 3 Deeps estimated Mineral Resource is 19.58 million tonnes with an overall grade of 0.224% U_3O_8, equating to 43,858 tonnes of contained uranium oxide.

RANGER RESERVES AND RESOURCES

During 2017 ERA processed 2,724 tonnes of uranium oxide.

Probable Ore Reserves of uranium oxide for Ranger decreased by 2,298 tonnes in 2017 to 5,783 tonnes at 31 December 2017 (31 December 2016: 8,081 tonnes). This included the impact of depletion by processing in 2017 of 2,724 tonnes.

During the reporting period, all processed ore was sourced from either run of mine stocks or low grade stockpiles.

Following receipt of approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), ERA processed the Ranger 3 Deeps Bulk Sample (3,240 tonnes @ 0.3% U_3O_8) during the third quarter of 2017.

For the same period, Ranger Mineral Resources decreased by 836 tonnes of uranium oxide, from 55,971 tonnes to 55,135 tonnes.

The decrease was mainly due to the mining depletion of low grade stocks below the reserve cut-off.

JABILUKA RESERVES AND RESOURCES

The Jabiluka Mineral Lease remains under long term care and maintenance. In accordance with the Long Term Care and Maintenance Agreement, development by ERA will not proceed without the approval of the Mirarr Traditional Owners. The Jabiluka estimated Mineral Resource is 137,107 tonnes of uranium oxide at a cut-off grade of 0.2% U_3O_8.

GOVERNANCE

ERA's Competent Person is a full time employee of ERA. The ERA Board oversees the governance of Resources and Reserves. This includes the annual review and approval of the publicly reported Ore Reserves and Mineral Resources Statement.

Internal approval of Ore Reserves and Mineral Resources for ERA is the responsibility of the Chief Executive and estimates are carried out by a Competent Person as defined by the JORC Code 2012.

As part of its internal controls, ERA applies the standards of the Rio Tinto Ore Reserves Steering Committee (ORSC) in the generation and publication of Mineral Resources and Ore Reserves.

The ORSC comprises senior representatives from technical, financial and business fields within the Rio Tinto Group and meets on a quarterly basis.

The ORSC's role includes setting the standards and qualifications for Competent Persons in accordance with the JORC Code 2012 which form the basis of Competent Person appointment by ERA.

Rio Tinto's Resource and Reserve internal audit program is conducted by independent external consulting personnel in a program managed by Rio Tinto Group Audit and Assurance with the assistance of the ORSC.

Rio Tinto has continued the development of internal systems and controls to ensure compliance with the JORC Code 2012 in all external reporting including the preparation of reported data by ERA's Competent Person.

Other improvements introduced by the ORSC include a web-based reporting and sign-off database, annual internal Competent Person reports and Competent Person development and training.

FUTURE SUPPLY

ERA 2017 ORE RESERVES & MINERAL RESOURCES

	CUT-OFF GRADE – STOCKPILE ORE 0.06% U_3O_8 AS AT 31 DECEMBER 2017			CUT-OFF GRADE – STOCKPILE ORE 0.06% U_3O_8 AS AT 31 DECEMBER 2016		
	Ore (MT)	% U_3O_8	t U_3O_8	Ore (MT)	% U_3O_8	t U_3O_8
RANGER PROBABLE ORE RESERVES						
Current Stockpiles	7.43	0.078	5,783	10.00	0.081	8,081
In situ						
Proved	–	–	–	–	–	–
Probable	–	–	–	–	–	–
Sub-total Proved and Probable Reserves	7.43	0.078	5,783	10.00	0.081	8,081
Total Ranger No. 3 Stockpiles, Proved and Probable Reserves	**7.43**	**0.078**	**5,783**	**10.00**	**0.081**	**8,081**
RANGER MINERAL RESOURCES *IN ADDITION TO THE ABOVE RESERVE*	CUT-OFF GRADE – STOCKPILE RESOURCE 0.02% U_3O_8 UNDERGROUND INSITU RESOURCE 0.11% U_3O_8			CUT-OFF GRADE – STOCKPILE RESOURCE 0.02% U_3O_8 UNDERGROUND INSITU RESOURCE 0.11% U_3O_8		
	Ore (MT)	% U_3O_8	t U_3O_8	Ore (MT)	% U_3O_8	t U_3O_8
Current Mineralised Stockpiles	28.16	0.04	11,277	30.61	0.04	12,113
In situ resource (R3 Deeps)						
Measured	3.72	0.27	10,134	3.72	0.27	10,134
Indicated	10.41	0.22	22,636	10.41	0.22	22,636
Sub-total Measured and Indicated Resources	42.29	0.10	44,047	44.74	0.10	44,883
Inferred Resources	5.44	0.20	11,087	5.44	0.20	11,087
Total Resources	**47.74**	**0.12**	**55,135**	**50.18**	**0.11**	**55,971**
	AS AT 31 DECEMBER 2017 CUT-OFF GRADE 0.20% U_3O_8			AS AT 31 DECEMBER 2016 CUT-OFF GRADE 0.20% U_3O_8		
	ORE (MT)	% U_3O_8	T U_3O_8	ORE (MT)	% U_3O_8	T U_3O_8
JABILUKA ORE RESERVES (all written back to Mineral Resources)						
Proved	–	–	–	–	–	–
Probable	–	–	–	–	–	–
Total Proved and Probable Reserves	–	–	–	–	–	–
JABILUKA MINERAL RESOURCES						
Measured	1.21	0.89	10,769	1.21	0.89	10,769
Indicated	13.88	0.52	72,176	13.88	0.52	72,176
Sub-total Measured and Indicated	15.09	0.55	82,945	15.09	0.55	82,945
Inferred Resources	10.03	0.54	54,162	10.03	0.54	54,162
Total Resources	**25.12**	**0.55**	**137,107**	**25.12**	**0.55**	**137,107**

Rounding differences may occur.

FUTURE SUPPLY

RANGER ORE RESERVES RECONCILIATION

	URANIUM OXIDE (U_3O_8 TONNES)*
Ranger Ore Reserves as at 31 December 2016	8,081
Favourable model variance	905
Depletion by processing (primary and laterite ores)	(2,724)
Low grade tonnes not mined or processed by 8 January 2021	(478)
Ranger Ore Reserves as at 31 December 2017	**5,783**

COMPETENT PERSONS

Ranger and Jabiluka Ore Reserves and Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC Code 2012).

The JORC Code 2012 envisages the use of reasonable investment assumptions, including the use of projected long term commodity prices, in calculating reserve estimates.

As required by the Australian Securities Exchange (ASX), the above tables also contain details of other mineralisation that has a reasonable prospect of being economically extracted in the future but which is not yet classified as Proven or Probable Reserves.

This material is defined as Mineral Resources under the JORC Code 2012. Estimates of such material are based largely on geological information with only preliminary consideration of mining, economic and other factors.

While in the judgment of the Competent Person there are realistic expectations that all or part of the Mineral Resources will eventually become Proven or Probable Reserves, there is no guarantee that this will occur as the result depends on further technical and economic studies and prevailing economic conditions in the future.

The information in the above table is sourced from the Energy Resources of Australia Ltd (ERA) 2017 Annual Statement of Reserves and Resources which was released to ASX on 30 January 2018 and can be found at:https://www.asx.com.au/asxpdf/20180130/pdf/43r4pyz70bx53d.pdf

Neither the information that relates to Ranger and Jabiluka Mineral Resources or Ore Reserves, nor the underlying resource models, have changed since the ERA 2017 Annual Statement of Reserves and Resources was disclosed to ASX.

ERA is not aware of any new information or data beyond the updates already provided to the market that materially affects the Ore Reserves and Mineral Resources estimate.

All assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The information in this report that relates to Ranger and Jabiluka Ore Reserves and Mineral Resources is based on information compiled by geologist Stephen Pevely (a full time employee of ERA).

Stephen Pevely is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the JORC Code 2012. Stephen Pevely consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Summary data for year end 2016 are shown for comparison. Metric units are used throughout. The figures used to calculate reserves and resources are often more precise than the rounded numbers shown in the tables, hence small differences may result if the calculations are repeated using the tabulated figures.

SALES AND MARKETING

ERA's customers seek reliable supply of high quality uranium sourced from Australia, a stable, democratic country and member of the Organisation for Economic Co-operation and Development (OECD).

These customers are located in the United States of America, Europe, China, Japan, South Korea and the UAE and use ERA's product as fuel to generate low emissions power.

ERA's uranium is sold primarily under long term contracts via a sales and marketing agreement with Rio Tinto Uranium.

ERA entered into a Revised Sales and Marketing Agreement with Rio Tinto Uranium in August 2017. Under the revised agreement, ERA's allocation of existing Rio Tinto Uranium contracts is fixed with effect from 1 January 2017. This allocation substantially aligns with remaining production volumes forecast from Ranger through 2021. Fixing the allocation provides greater certainty over ERA's future revenue.

ERA's reliance on long-term contracts provides its customers with security of continued supply, and has helped ERA achieve prices for its uranium that are significantly above the global spot price.

The average realised price for ERA's uranium in 2017 was US$34.75 per pound (2016: $41.87). ERA continues to achieve prices which significantly exceed the average spot price which was US$21.78 per pound in 2017.

The global uranium market remained subdued in 2017, with spot prices remaining below the break-even cost of production for a number of producers.

A variety of factors are combining to contribute to place downward pressure on demand.

In Japan the pace of the restart to reactors following the failure at Fukushima remains slow. An increase in shale gas has contributed to cost challenges for nuclear plants in some regions of the United States, resulting in earlier than planned plant closures.

In November, Cameco announced that production from its McArthur River mine in Canada would be temporarily suspended by the end of January 2018. In addition, in December, Kazatomprom announced that it would reduce production by twenty per cent over the next three years. However, overall global production is expected to grow over the coming five years and the level of global inventories in the hands of utilities remains high. These factors are expected to ensure the market remains favourable to buyers in the short to medium term.

The longer term outlook for uranium is more positive, with the United Nations climate conference, COP23, in Germany in November highlighting almost 200 countries taking global climate action through implementation of the Paris Agreement. This increases pressure on signatory countries to find low-carbon solutions to electricity generation; many countries searching for low emissions energy security are including nuclear power as part of the electricity generation mix.

China and India continue to develop their nuclear power programs. In 2017, China brought two new reactors online, bringing the total in operation to 37, and a further 20 are under construction. India has 22 reactors in operation and plans to generate as much as 25 per cent of electricity from nuclear power by 2050.

While new nuclear build continues in the USA, France, England, Finland and the United Arab Emirates, it is expected that the demand growth will be principally driven by China and possibly India.

▲ Ranger produced 2,294 tonnes of uranium oxide in 2017

HEALTH AND SAFETY

Safety is ERA's highest priority, and forms a principal focus of workplace culture and operation activities.

ERA aspires to have a well-established culture of safe production. To support this, ERA has developed goals, accountabilities and systems designed to create and sustain a strong workplace culture of safety leadership, and shared and personal responsibility for safe behaviour.

These goals, accountabilities and systems are articulated in ERA's Health, Safety and Environment Management System, which is certified to Australian (AS4801) and international (ISO14001) standards and subject to regular review.

ERA uses the All Injury Frequency Rate (AIFR) as a key safety performance measure. AIFR measures the frequency of recordable injuries – lost time injuries, restricted work injuries and medical treatment cases – per 200,000 hours worked.

In 2017, ERA achieved an AIFR of 1.17 (2016: 0.19; 2015: 0.67).

During the year ERA recorded one occupational illness, two medical treatment cases and four lost time injuries. All involved persons have recovered and returned to work.

ERA has undertaken a series of interventions and activities to raise awareness of safety and the importance of safety leadership. These initiatives included Mental Health First Aid training, Critical Learning from falling from heights incidents and several workshops on other key safety issues.

CRITICAL RISK MANAGEMENT

Critical Risk Management (CRM) is a global Rio Tinto safety initiative designed to ensure that each work area has a clear understanding of what fatal risks are associated with work activities, and to ensure there are verified effective controls in place prior to commencing a task.

In 2017, ERA continued to embed the CRM processes introduced in 2016, involving the use of critical control checklists, field verifications and standards.

A number of other initiatives support CRM, including the integration of identified critical risks into risk management documentation and the development of an ERA standard for Working on or Near Water and Scaffolding. CRM was also supported by a 'Stop and Seek Help' recognition program, where employees are rewarded for stopping a job if they feel the conditions are unsafe.

MANAGING HEAT AND HUMIDITY

Hydration and thermal stress are critical issues for ERA's workforce during the hotter months of the year. Employees and contractors required to work outdoors while wearing protective clothing and equipment are at risk of thermal stress.

Each year ERA implements programs designed to encourage behaviours which can help to manage thermal stress and maintain hydration.

In 2017, ERA also worked with Rio Tinto on a pilot program for Health Risk Management to develop a heat stress checklist to safely manage exposure to thermal extremes.

AUDITS

ERA's integrated Health, Safety and Environment Management System provides certification to both ISO 14001 (the international standard for environmental management systems) and AS4801 (the Australian standard for occupational health and safety management systems).

This system was audited in November 2016 and re-certification was confirmed in the first quarter of 2017.

ERA underwent a Rio Tinto Critical Risk Assessment audit in April, which examined fire management, emergency response, critical risk scenarios, and critical spares.

ERA has also successfully retained its permit to handle nuclear material following an audit by the Australian Safeguards and Non-Proliferation Office to examine processes associated with that permit.

EMERGENCY RESPONSE

Building ERA's Emergency Response Team skills and capabilities has been a strong focus during 2017.

The team comprises around 25 people who are trained to respond immediately to incidents such as evacuation, fires or vehicle accidents.

ERA has invested in specialist training for team members and has also been actively recruiting and training new members.

A live emergency exercise was held at the Jabiru airport as part of the Civil Aviation Safety Authority certification involving ERA and local Jabiru emergency services; the exercise simulated an aircraft passenger rescue operation.

RADIATION MONITORING

ERA monitors radiation at Ranger in accordance with the Company's Radiation Policy and Radiation Management Plan.

The desired performance outcomes are described in ERA's Health, Safety and Environment Management System, which is certified to Australian (AS4801) and international (ISO14001) standards.

These performance outcomes require that radiation exposure to workers, the public and the environment are as low as reasonably achievable.

Radiation is monitored at Ranger and Ranger 3 Deeps through a variety of mobile and fixed stations as well as personal monitoring systems that are used to capture individual worker radiation doses.

Monitoring results are compared to limits recommended by the International Commission on Radiological Protection (ICRP) for occupationally exposed persons as adopted by Australian legislation.

The ICRP refers to planned radiation exposures to differentiate from other levels of radiation exposures such as those from existing exposure situations, emergency exposure situations and medical exposures. Planned exposures can either be occupational exposures, public exposures or environmental exposures. The effective dose limits (above natural background and medical exposures) are:

- members of the public: 1 millisievert (mSv) per annum; and
- radiation workers: 20 mSv per annum averaged over five years, and not more than 50 mSv in any one year

ERA employees and contractors whose occupational exposure to radiation may exceed 5 mSv per year are declared 'designated' workers and their exposure is more stringently monitored. Examples of activities at Ranger that require a designated worker status include mine production, process production, process maintenance and electrical maintenance.

Doses are calculated using the methodology required by the Code of Practice and Safety Guide for Radiation Protection and Radioactive Waste Management in Mining and Mineral Processing.

The total effective dose is the sum of the dose from three exposure pathways: external gamma radiation, inhalation of radon decay products and inhalation of long lived alpha activity.

ERA provides quarterly occupational radiation dose data for workers at Ranger mine to the Australian Government's Australian National Radiation Dose Register (ANRDR).

The ANRDR is managed by the Australian Government to collect, store, manage and distribute the radiation dose records received by individuals working at uranium mining and milling sites.

Designated workers are able to access the ANRDR, and ERA also provides a copy of personal dose records to all designated workers.

RADIATION MONITORING RESULTS

To ensure the highest possible quality control on radiation doses, the results are reviewed internally by ERA and externally by the Company's regulators.

The maximum and mean annual radiation doses received by designated workers and the maximum radiation doses received by non-designated workers during 2017 will be reported in the 2017 Annual Ranger Mine and Ranger 3 Deeps Radiation Protection and Atmospheric Monitoring Report.

The 2017 report will be submitted to stakeholders in March 2018.

Preliminary analysis of the available dose results for 2017 indicates that all occupational and public radiation doses remain well below the national and international dose limits.

The table on this page provides a summary of the maximum and mean annual radiation doses received by designated and non-designated workers for the first three quarters of the year.

The doses are in line with the ICRP principles of Justification, Optimisation and Limitation and remain at the lower end of the spectrum for uranium workers.

The potential exposures to Jabiru residents from the Ranger mine activities are also monitored throughout the year and are calculated annually.

The resulting contribution from Ranger mine remains very low in comparison to both the public dose limit and the natural background radiation level.

Historically the theoretical contribution from the Ranger mine has been, on average, approximately 0.02 mSv (or two per cent) of the 1 mSv member of public dose limit and less than one per cent of the natural background radiation level in Australia of between 2 and 3 mSv (which varies according to location).

	DESIGNATED WORKERS		NON DESIGNATED WORKERS	
	Mean	Max	Mean	Max
Q1	0.40	1.01	0.13	0.30
Q2	0.39	1.20	0.11	0.26
Q3	0.44	1.25	0.19	0.39

REGULATORY FRAMEWORK

Uranium mining activities in Australia are strictly regulated by the Commonwealth and State or Territory Governments.

The purpose of these regulations is to ensure uranium mining performance and compliance in a range of critical areas, including health and safety, mine safety, safe management of toxic and radioactive substances, waste disposal, transport safety, export controls, protection and rehabilitation of the environment, native title, exploration, development, taxes and royalties, labour standards and mine reclamation.

International agreements designed to prevent nuclear proliferation also govern the mining and export of uranium.

Exports are subject to strict safeguards and conditions to ensure that Australian uranium is only used for peaceful purposes.

REGULATION OF ERA'S OPERATIONS

Commonwealth and Northern Territory legislation provides the regulatory framework for ERA's uranium mining activities.

ERA's operations are closely supervised and monitored by statutory bodies including:

- Commonwealth Department of Industry, Innovation and Science;
- Northern Territory Department of Primary Industry and Resources;
- Commonwealth Government's Supervising Scientist Branch;
- Northern Land Council;
- Alligator Rivers Region Advisory Committee (including non-government organisation representatives); and
- Alligator Rivers Region Technical Committee (including non-government organisation representatives).

The Ranger and Jabiluka Minesite Technical Committees are the key forums for consideration of environmental matters relating to Ranger and Jabiluka.

Committee members include representatives of the Gundjeihmi Aboriginal Corporation, the Northern Land Council, the Northern Territory Department of Primary Industry and Resources, the Commonwealth Department of Industry, Innovation and Science and the Commonwealth Supervising Scientist Branch.

The Alligator Rivers Region Advisory Committee (ARRAC) provides a formal forum for consultation on matters relating to the effects of uranium mining on the environment in the region.

Committee members include representatives of the Northern Territory Government, the Commonwealth Government, the Northern Land Council, Aboriginal associations, mining companies (including ERA), West Arnhem Regional Council, the Northern Territory Environment Centre and other members who may be appointed by the Commonwealth Minister for the Environment.

Further information on ARRAC can be obtained at:
http://www.environment.gov.au/science/supervising-scientist/communication/committees/arrac

The Alligator Rivers Region Technical Committee (ARRTC) oversees the nature and extent of research being undertaken to protect and restore the environment in the Alligator Rivers Region from any effects of uranium mining.

The 10 ARRTC members include independent scientists nominated by the Federation of Australian Scientists Branch and Technological Societies with the remaining representatives being from the Commonwealth Supervising Scientist Branch, Northern Territory Government, Uranium Equities Ltd, Northern Land Council, Parks Australia and a non-government environment organisation.

Further information on ARRTC can be contained at:
http://www.environment.gov.au/science/supervising-scientist/communication/committees/arrtc

INTERNATIONAL AND AUSTRALIAN CERTIFICATION

ERA maintains international certification (ISO 14001) of its Health, Safety and Environment Management System which includes the Company's Water Management System.

ERA also maintains Australian certification (AS4801) of its Health, Safety and Environment Management System including the Ranger Radiation Management System.

Sustainability Report

CONTENTS

Due to the sensitive nature of the surrounding environment, ERA strives for safety leadership, environmental protection and strong and enduring relationships with all stakeholders.

OVERVIEW

The area surrounding ERA's operations is internationally recognised for unique ecosystems and biodiversity, significant environmental and cultural heritage value and a long tradition of human habitation.

Due to the sensitive nature of the surrounding environment, ERA strives for safety leadership, environmental protection and strong and enduring relationships with all stakeholders.

ERA's commitment to protect the environment in 2017 was overseen by the Commonwealth Government's Supervising Scientist Branch, which conducts extensive monitoring and research programs on the Ranger Project Area and Jabiluka Mineral Lease.

ERA will continue to engage with the Mirarr Traditional Owners, local communities and all levels of government to protect the natural environment in which it operates.

THE MIRARR

The Mirarr are Traditional Owners of the lands on which ERA operates.

Mirarr country encompasses the Ranger Project Area and the Jabiluka Mineral Lease, the town of Jabiru and parts of Kakadu National Park, including the wetlands of the Jabiluka billabong country and the sandstone escarpment of Mount Brockman.

The Mirarr hold beneficial freehold title to traditional country via the Kakadu and Jabiluka Land Trusts and in accordance with the *Aboriginal Land Rights (Northern Territory) Act 1976*.

In 1995, the Mirarr established the Gundjeihmi Aboriginal Corporation, an incorporated body, to assist them to manage a balance between sustainable development and traditional practice on their land and to direct income from mining royalties across a wide range of fields and activities that cover heritage, economic and community development, education, training and employment.

ERA recognises that the support of Traditional Owners is critically important to its current operations, future projects and successful rehabilitation.

ENVIRONMENT

ERA is committed to protecting the environment in which it operates. Measures to protect the environment include a wide range of preventative monitoring activities. ERA has a particular focus on water management and monitoring which reflects the potential for extreme rainfall associated with the top end climate. ERA has a strong history of engagement and co-operation with its regulators and other stakeholders to ensure that the environment remains protected.

The Commonwealth's Supervising Scientist Branch monitors the impact of uranium mining on the environment and people in the Alligator Rivers Region, including water quality and aquatic biology indicators in Magela Creek and other waterways adjacent to the Ranger mine.

The Supervising Scientist Branch uses a structured program of audits and inspections, in conjunction with the Northern Territory Department of Primary Industry and Resources to supervise regional uranium mining operations.

ERA's monitoring results and the results from the Supervising Scientist Branch are made available to the public.

During 2017, results from statutory monitoring programs demonstrated that ERA continued to maintain environmental values and objectives in regards to water management. A variety of improvements occurred onsite to increase surface and groundwater knowledge, whilst continuing to protect the surrounding environment.

▲ One of hundreds of native saplings on the trial land form which have regenerated naturally

WATER

MANAGING WATER BY QUALITY

There are a number of different classes of water within the Ranger mine site: process water, pond water, release water, potable water and water including treatment plant permeate and Brine Concentrator distillate.

Each class of water requires a different management approach:

- process water has been in contact with uranium ore during processing operations and must be managed within a closed system, and stored in the Tailings Storage Facility or Pit 3 prior to treatment via the Brine Concentrator;
- pond water has been in contact with stockpiled mineralised material and operational areas of the site, other than those contained within the process water system. Pond water is held in the pond water system comprising a series of sumps and retention ponds prior to being put through reverse osmosis treatment plants;
- release water comprises clean site run-off water collected in purpose built storages, and water that has been treated by the Brine Concentrator and water treatment plants to a quality suitable for release. Release quality water and is either irrigated on designated land application areas during the dry season, or released during the wet season;
- potable water is high quality bore water used for drinking and ablution. Water used in ablutions is treated via septic tanks and disposed of via conventional transpiration trenches;
- water treatment plant permeate is pond water that has been treated via ERA's micro filtration and reverse osmosis treatment plants. Permeate is good quality water and is discharged into onsite release water ponds; and
- Brine Concentrator distillate is process water which has been treated by the Brine Concentrator. Distillate is good quality water and is discharged into onsite release water ponds.

Effective water management is a fundamental element of ERA's business and environmental protection activities.

The Kakadu region's extended dry periods, potential for extreme storms and highly variable annual rainfall requires flexibility and innovation in ERA's approach to water management.

A total of 1679 millimetres was recorded at Jabiru Airport from 1 September 2016 to 31 August 2017 (annual average: 1555 millimetres).

Above average rainfall resulted in an increase in the total volume of pond water treated through ERA's microfiltration and reverse osmosis treatment facilities during the 2016-17 wet season.

ERA's operational and planning activities are built on a comprehensive water management strategy that is based on industry-leading monitoring systems and significant investment in infrastructure for the storage, transfer and treatment of water.

WATER MANAGEMENT PLAN

ERA's Health, Safety and Environment Management System provides the governance framework for all water management operations and planning activities at Ranger.

Water management performance objectives and outcomes set out in the Health, Safety and Environment Management System are delivered through ERA's Water Management Plan.

The Water Management Plan is updated every year and submitted to regulatory authorities for approval, with advice and input from the Minesite Technical Committee.

The 2016-17 Water Management Plan was approved in July 2017 and the updated 2017-18 Water Management Plan was submitted to the Minesite Technical Committee in December 2017.

The Water Management Plan covers water capture, storage, supply, distribution, sampling, use, treatment and disposal across the Ranger mine site, and describes the systems for routine and contingency management of process, pond and release water.

WATER MANAGEMENT INFRASTRUCTURE

A key aspect of ERA's approach to water management is having the flexibility and operational capability to store and treat large volumes of differing types of water based on the quality of that water.

ERA achieves that operational flexibility through a range of water management facilities, systems and infrastructure, including:

- tailings dredging to Pit 3;
- plant tailings to Pit 3;
- surface water and seepage interception trench around stockpiles;
- GCT2 interception system;
- use of continuous real-time water quality monitoring stations;
- an expanded network of groundwater monitoring bores (approximately 240 actively monitored);
- water treatment plants; and
- Brine Concentrator.

WATER

GULUNGUL CREEK

Gulungul Creek is an ephemeral waterway that flows during the wet season along the western side of the Ranger mine site, and joins Magela Creek downstream of the mine.

In response to elevated levels of electrical conductivity in Gulungul Creek in the 2014-15 wet season, ERA further improved the existing interception trench network. A clay interception barrier and a series of dewatering bores were installed to limit groundwater expression into Gulungul Creek. This complements the installation of approximately 1,000 metres of interception trenches during the 2014 dry season.

MONITORING POINTS

ERA's water monitoring system comprises of approximately 240 groundwater bores across the Ranger operational area.

ERA operates 14 continuous real-time water quality sensing stations located within the Magela and Gulungul creek systems, upstream and downstream of the Ranger mine. Monitoring stations are equipped with auto samplers that collect water samples triggered by in-stream events.

The water monitoring system helps ensure that water is managed in accordance with ERA's Water Management Plan, meets regulatory requirements and provides assurance to stakeholders through the provision of accurate and timely data.

This data is shared with members of the Minesite Technical Committee, including the Supervising Scientist Branch. The Supervising Scientist Branch also conducts independent monitoring of waters upstream and downstream of the Ranger mine site.

▲ A technician carrying out a test in the processing plant

LAND

REVEGETATION

Revegetation is a key component of the progressive rehabilitation activities which have been taking place at Ranger and Jabiluka.

RANGER

Closure studies and revegetation trials at Ranger continued during the year. A nutrient cycle study at the trial landform commenced during the year, in conjunction with the University of Queensland. Work on stage one to convert the Ranger exploration core yard into a nursery for native plants commenced. It is envisioned the nursery will have a capacity of up to 250,000 tube stocks at stage one. An application to renew the seed harvest permit within Kakadu National Park has been conditionally approved. This will enable local Indigenous contractor Kakadu Native Plants to source seeds from the surrounding Kakadu National Park for raising tube stocks for the revegetation of the mine footprint.

Board members from the Gundjeihmi Aboriginal Corporation visited the trial landform during the year to examine the progress of revegetation work at the Trial Landform.

JABILUKA

Jabiluka remains under long term care and maintenance.

Revegetation of the site was completed in 2015, in consultation with the Mirarr Traditional Owners using 22 species of native plants. During the year, ongoing weed, fire and water quality management was in place at Jabiluka.

WEED MANAGEMENT

ERA carries out regular weed control activities on the Ranger Project Area and Jabiluka Mineral Lease.

Activities are guided by ERA's land management strategy which targets priority species including Annual Pennisetum, Mission Grass and Rattlepod.

The weed season runs from October to May. In-field weed monitoring shows that ERA's program has resulted in a progressive reduction of weed infestation over the Ranger Project Area.

▲ Jabiluka has been revegetated and is barely visible from the air

EMPLOYMENT

At 31 December 2017, ERA's total workforce was 341 people (full time equivalent, including 68 contractors). At the same time in 2016 ERA's full time equivalent workforce was 382, and in 2015 it was 409.

ERA also directly employed five graduates, five apprentices (including four second-year apprentices), two school-based apprentices and four Indigenous trainees.

At year end Indigenous employment remained steady on approximately 13 per cent of employees (2016: 13 per cent).

ERA's female employment participation increased slightly, finishing the year with 18 per cent of the 2017 workforce (2016: 16 per cent).

Average turnover of staff for 2017 was 11 per cent compared with 9 per cent in 2016 and 11 per cent in 2015.

INDIGENOUS EMPLOYMENT

ERA's Indigenous Employment Strategy provides workplace literacy and numeracy training and support for students from local communities in work experience and school-based apprenticeships.

ERA retains a strong focus on encouraging and supporting Indigenous employment opportunities and provides a variety of roles across the business ranging from superintendent and senior-supervisor leadership roles through to operational roles.

At 31 December 2017, ERA had a total of 43 Indigenous employees, representing 13 per cent of the workforce (2016: 13 per cent).

INDIGENOUS TRAINEE PROGRAM

Indigenous trainees are engaged through ERA's Indigenous Employment Strategy and supported by a mentoring program which pairs trainees with workplace mentors.

In 2017, ERA engaged four Indigenous trainees. Trainees are gaining experience by working in the areas of community relations, water management and plant operations.

INDIGENOUS PRE-EMPLOYMENT PROGRAM

In 2017 ERA and other local organisations and businesses worked together to provide opportunities for eight participants in the pre-employment program. The program consisted of four weeks of accredited training and one week of healthy lifestyles and employment opportunity workshops.

This program helps local people learn skills and gain accreditation to enable them to enter the workforce or find new local employment. Participants who complete the program achieve accreditation in Certificate II – Resource Infrastructure Work Preparation, which includes a Certificate in First Aid and a White Card.

The program is supported by a range of stakeholders including ERA, Warnbi Aboriginal Organisation, Carey Training, Department of Business NTG Regional Employment and Training Coordinator, Department of Housing and Community Development NTG, Department of the Chief Minister Regional Director, Kakadu National Parks – Parks Australia, Anglicare NT, CatholicCare NT, Jabiru Health Centre, Gunbalanya Health Centre, Charles Darwin University, Supervising Scientist Branch Heritage, Reef and Marine Division Department of the Environment and Energy, Mercure Kakadu Crocodile Hotel, Cooinda Lodge Kakadu and Morris Corporation.

GRADUATES AND APPRENTICESHIPS

In 2017, ERA continued its graduate intake program with five graduate employees. The graduates work in the plant operations and technical and major studies teams.

In 2017, ERA had five apprentices including four in the second year of their trades. The apprentices are engaged for four years and achieve Certificate III in various mining and industry related fields.

ERA engaged two school-based apprentices during 2017. School-based apprentices continue their year 11 and year 12 schooling while maintaining part-time work at ERA. A school-based apprenticeship can lead to further employment or a full-time apprenticeship, either with ERA or with another employer.

CULTURAL AWARENESS

ERA's Cultural Awareness Program is delivered in partnership with the Gundjeihmi Aboriginal Corporation representing the Mirarr Traditional Owners.

During the year 38 employees and long-term contractors participated in cultural awareness training.

The program provides new employees and contractors with an introduction to the unique cultural, environmental and historical values of the Kakadu region and the Mirarr Traditional Owners.

RANGER WOMEN'S NETWORK

In 2017, ERA established the Ranger Women's Network to provide networking and development opportunities for female employees. The Network formed a five member committee and hosted several events throughout the year, which included fundraisers for local charities.

COMMUNITY

RELATIONSHIPWITHMIRARRTRADITIONALOWNERS

The Mirarr Traditional Owners of the land on which ERA operates are key stakeholders, and their input to and support for our activities are integral to our business.

The Mirarr Traditional Owners are represented by the Gundjeihmi Aboriginal Corporation in discussions and negotiations with ERA on a range of matters of interest to both parties.

In 2017, ERA and the Gundjeihmi Aboriginal Corporation continued discussion on important issues including rehabilitation planning, cultural heritage and environmental protection, water management, employment and training, royalties, housing, community activities, the Kakadu West Arnhem Social Trust and discussions about the future of Jabiru township.

In addition, there were numerous site visits to Ranger by Mirarr representatives, including a visit by the Gundjeihmi Aboriginal Corporation board of directors. The ERA Board also visited the DjidbiDjidbi Residential College in Jabiru, with a number of Mirarr representatives present.

ENGAGEMENT

ERA and the Gundjeihmi Aboriginal Corporation meet regularly to share information and create opportunities for ongoing engagement and collaboration. These meetings are formalised through agreed structures, such as the Relationship Committee.

The committee was set up in 2013 as part of the Ranger Mining Agreement and through regular meetings provides information, collaboration and discussion about Ranger operational matters, land management, community matters and opportunities for local Aboriginal participation.

ERA also worked with the Gundjeihmi Aboriginal Corporation on a number of key activities in 2017, including participation in Ranger closure planning working groups, the Jabiru Social Impact Assessment (SIA), as well as ongoing discussion around future options for Jabiru and the local community.

In late 2016 ERA sought feedback on the draft Ranger Closure Plan from a wide group of stakeholders, including the Gundjeihmi Aboriginal Corporation. During 2017, the Company incorporated feedback received and now plans to publicly release the plan in 2018.

Each year ERA makes a Sustainability Payment to the Gundjeihmi Aboriginal Corporation which is passed through to the Kakadu West Arnhem Social Trust. The Kakadu West Arnhem Social Trust is a charitable trust founded by senior Mirarr Traditional Owner Yvonne Margarula in 2013.

The Trust funds programs which aim to address Aboriginal disadvantage in the Kakadu West Arnhem region.

These programs include development of a Gundjeihmi language dictionary, literacy and "Learning on Country" programs delivered by the local school, scholarships and rock art management.

Along with the Gundjeihmi Aboriginal Corporation, ERA is represented on the Kakadu West Arnhem Social Trust board.

The Minesite Technical Committee provides additional information sharing and consultation opportunities for Gundjeihmi Aboriginal Corporation representatives and other key stakeholders on operational and environment related matters.

JABIRU OUTLOOK

ERA is working with the Gundjeihmi Aboriginal Corporation, the Northern Territory Government and the Commonwealth Government to consider options for the future of Jabiru and the local community in a post-mining environment.

A key aspect of ERA's activities in Jabiru includes contributions to the local economy, population, infrastructure and services.

The current legal framework governing ERA's operations and activities requires the Company to cease mining and processing activities in January 2021. The current Jabiru town lease is also due to expire in July 2021.

In 2017 ERA completed the SIA which explained ERA's current rehabilitation obligations and gathered information regarding the potential impacts the closure of Ranger may have on the town, local businesses and residents, the broader West Arnhem region and visitors of Jabiru.

Jabiru community members were involved in the SIA process through approximately 30 information sessions held in Jabiru in late 2016 and early 2017.

The SIA report provides a valuable backdrop for constructive discussion between the Gundjeihmi Aboriginal Corporation, the Northern Territory Government, the Commonwealth Government and other interested stakeholders regarding the future of Jabiru.

ERA continues to advocate for early resolution on future governance arrangements in order to provide certainty for Jabiru.

ROYALTIES

Revenue generated by the sale of uranium oxide produced by the processing of stockpiled ore at Ranger forms the basis for ERA's royalty payments.

These royalties are paid to Northern Territory-based Aboriginal organisations and the Northern Territory Government.

Royalty payments are calculated on 5.5 per cent of net sales revenue from Ranger mine production.

COMMUNITY

The equivalent of 4.25 per cent of Ranger sales revenue is paid to Northern Territory-based Aboriginal organisations, including the Gundjeihmi Aboriginal Corporation.

The remaining 1.25 per cent of royalties derived from Ranger sales revenue is paid to the Commonwealth and distributed to the Northern Territory Government.

In 2017, ERA's royalties totalled $11.2 million. This compares with $14.3 million paid in 2016 and $17.9 million paid in 2015.

Mine production at Ranger is scheduled to cease no later than January 2021. In the meantime royalties will continue to be paid but in the absence of a change in the legal framework, and unless development projects gain approval and have the support of key stakeholders, royalties will decline and cease by 2021.

ERA is working with the Gundjeihmi Aboriginal Corporation and other key stakeholders on the transition with continued discussion around population, infrastructure and revenue opportunities.

COMMUNITY ENGAGEMENT AND INVESTMENT

During the year, the Communities office in Jabiru received approximately 1,000 visitors. ERA also hosted a series of scheduled visits to the Ranger mine for tourists and visitors to the region.

ERA continued to be a major supporter of community events such as the annual Mahbilil Festival, Kakadu Triathlon and the NT Women in Resources Awards. The Kakadu Triathlon raised $14,755 for CareFlight.

In addition to sponsorship of events, ERA, through its Community Partnership Fund, contributed approximately $100,000 in funds and in-kind donations to local West Arnhem sporting, community, education and cultural groups.

▲ ERA is one of the major sponsors of the annual Mahbilil Festival in Jabiru

Financial Report

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DIRECTOR'S REPORT

Directors

Peter Mansell
CHAIRMAN
BCom, LLB, H. Dip. Tax, FAICD

Appointed in October 2015.

Chairman of Remuneration Committee and member of Audit and Risk Committee.

Mr Mansell has extensive experience in the mining, corporate and energy sectors, both as an advisor and as an independent non-executive Chairman and Director of listed and unlisted companies.

Mr Mansell practised law for a number of years as a partner in corporate and resources law firms in each of South Africa and Australia. He retired from legal practice in 2004 and has since held directorships in a number of companies including BWP Management Ltd, Foodland Associated Ltd, OZ Minerals Ltd, W.A. Newspaper Holdings Ltd (Chairman), Electricity Networks Corporation (trading as Western Power) (Chairman) and Zinifex Ltd (Chairman). Mr Mansell also chaired the Advisory Board of Pacific Aluminium Ltd in anticipation of its intended float in 2014.

External appointments: Non-executive Director of Foodbank of Australia Ltd, former non-executive director of Aurecon Group Pty Ltd (until September 2017) and Tap Oil Limited (until January 2018).

Paul Arnold
CHIEF EXECUTIVE AND MANAGING DIRECTOR
BE (Hons) Mining, MBA, MAusIMM, MAICD

Appointed in August 2017.

Mr Arnold brings extensive experience to ERA gained over more than 25 years in the resources sector working in operations, commercial, business analysis and major project development roles. Mr Arnold has worked in the Rio Tinto group since 2001 and was most recently Rio Tinto Aluminium's Pacific Operations Engineering and Growth team leader. Before joining Rio Tinto, Mr Arnold worked for more than a decade with BHP in operations and corporate roles.

Mr Arnold was a Director of the Queensland Resources Council for over 5 years and as past Chair of the Indigenous Affairs Committee established the annual Queensland Resources Council Indigenous Awards in 2014.

Shane Charles
NON-EXECUTIVE DIRECTOR
LLB

Appointed in October 2015.

Chair of the Audit and Risk Committee from January 2016; member of Health, Safety and Environment Committee and Remuneration Committee.

Mr Charles is currently the Executive Chairman of the Toowoomba and Surat Basin Enterprise (TSBE), an independent, business driven economic development organisation with a vision to pursue sustainable growth and diversity. He is at the forefront of developing an Asia strategy (principally in relation to China) to allow producers and exporters the opportunity to access new markets and capital.

He has also previously acted as Deputy Chairman of the GasFields Commission Queensland and the Chairman of Stanwell Corporation Limited and the Endeavour Foundation Limited.

External appointments: Executive Chairman of Toowoomba and Surat Basin Enterprise; Chairman of Sunrise Way Rehabilitation Limited; President of the Royal Agricultural Society of Queensland.

Paul Dowd
NON-EXECUTIVE DIRECTOR
BSc (Eng), FAusIMM, MAICD

Appointed in October 2015.

Chair of Health, Safety and Environment Committee; member of Audit and Risk Committee and Remuneration Committee.

Mr Dowd is a mining engineer with more than 50 years' experience in the mining industry, primarily in the private sector, but also serving in the public sector as head of the Victorian Mines and Petroleum Departments. Mr Dowd has previously held senior executive positions as Managing Director of Newmont Australia Ltd and Vice President Australia and New Zealand Operations for Newmont Mining Corporation and prior to that as Chief Operating Officer of Normandy Mining Ltd.

Mr Dowd was previously Chairman of Adelaide Resources Ltd and a non-executive Director of Macarthur Coal Ltd.

External appointments: Non-executive Director of OZ Minerals Limited and PNX Metals Limited; Chairman of CSIRO Minerals Resources Sector Advisory Council; Advisory Board Member of South Australian Minerals and Petroleum Expert Group (SAMPEG) and University of Queensland – Sustainable Minerals Institute.

DIRECTOR'S REPORT

Directors

Zara Fisher

NON-EXECUTIVE DIRECTOR

B Com, MASc, MAICD

Appointed in August 2016.

Member of Health, Safety and Environment Committee (from January 2017).

Ms Fisher has worked in the mining industry for over 20 years and is currently Vice President HSE for Rio Tinto Iron Ore. In this role she is accountable for the health, safety and environmental performance of Rio Tinto's Iron Ore operations and is a member of the Iron Ore Executive Committee. Previously Ms Fisher has worked with Rio Tinto in a range of roles in Australia and internationally in the Iron Ore, Aluminium, Copper, Energy and Minerals groups. Ms Fisher has extensive experience in operations, maintenance, strategy, corporate services and finance.

Ms Fisher holds a Bachelor of Commerce and a Masters of Applied Science (Environmental Management and Restoration) and is a member of the Australian Institute of Company Directors. Prior to joining Rio Tinto Ms Fisher worked in chartered accounting.

Sinead Kaufman

NON-EXECUTIVE DIRECTOR

MSC Mineral Exploration, BSC (HONS) Geology

Appointed in November 2017.

Ms Kaufman has worked for Rio Tinto for over 20 years and is currently the Managing Director – Coal, Salt & Uranium in the Energy & Minerals product group.

Prior to taking on an expanded portfolio in December 2017, Sinead was Managing Director, Rio Tinto Coal Australia from August 2016. Sinead first joined Rio Tinto as a geologist in the United Kingdom and has since gained international mining experience across a range of commodities including copper, aluminium, bauxite and iron ore in both underground and open pit environments.

Sinead holds a Masters in Mineral Exploration from the University of Leicester and a Degree in Applied Geology with Honours from the University of Birmingham.

External appointments: Director of Dampier Salt Limited and Rössing Uranium Limited.

Andrea Sutton

CHIEF EXECUTIVE AND MANAGING DIRECTOR

BE (Hons) Chemical, GradDipEcon, GAICD

Appointed in September 2013 and resigned in August 2017.

Prior to joining ERA, Ms Sutton had a 21 year career with Rio Tinto in which she had extensive operational, technical and corporate experience, including as Managing Director with the Rio Tinto Support Strategy Review team, General Manager Operations at the Bengalla mine and General Manager Infrastructure with Rio Tinto Iron Ore.

External appointments: Former chair of the Northern Territory Minerals Council of Australia Management Committee; former member of the Northern Territory Mining Advisory Council.

Simon Trott

NON-EXECUTIVE DIRECTOR

BSc (Hon), GradDipFin, GAICD

Appointed in December 2015 and resigned in November 2017.

After joining Rio Tinto in 2000, Mr Trott has held a range of commercial, operating and business development roles across a number of product groups. He has oversight of all marketing, operational and commercial aspects of Rio Tinto's salt, uranium and borates businesses with operations in Australia (Northern Territory and Western Australia), Namibia and the United States, together with projects in Canada (uranium and potash) and Serbia (lithium and borates).

External appointments: Former director of Dampier Salt Limited, Rössing Uranium Limited and US Borax Inc.

DIRECTOR'S REPORT

Executive Committee

Paul Arnold

CHIEF EXECUTIVE AND MANAGING DIRECTOR

BE (Hons) Mining, MBA, MAusIMM, MAICD

See biography shown on page 30.

James May

CHIEF FINANCIAL OFFICER

BA (Hons), FCA, GAICD

Mr May was appointed as Chief Financial Officer in June 2014 and brings financial, accounting and business development experience to ERA. Mr May has over 17 years' experience in finance roles in the energy and extractive resources sector.

Prior to joining ERA, Mr May held various finance and corporate roles within Rio Tinto. Mr May is a Chartered Accountant through the Institute of Chartered Accountants in England and Wales.

Lesley Bryce

GENERAL MANAGER OPERATIONS

B Eng (Hons) Microelectronics

Ms Bryce was appointed General Manager Operations in June 2017.

Ms Bryce has previously worked in diagnostic engineering in the electronics industry, and Quality Management (ISO 9001) and Business Improvement in the manufacturing industry. In 2005 Ms Bryce joined Rio Tinto working in the Shared Services, Aluminium and Argyle Diamonds sectors. Ms Bryce brings to ERA senior level experience in Business Improvement, Operations, Projects and Planning.

DIRECTOR'S REPORT

Executive Committee

James O'Connell

LEGAL COUNSEL AND COMPANY SECRETARY

LLB, BCom

Mr O'Connell joined ERA as Legal Counsel in June 2017 and was appointed Company Secretary in August 2017.

Mr O'Connell joined Rio Tinto in 2010, most recently acting as Senior Corporate Counsel in London. Before joining Rio Tinto, Mr O'Connell worked at private law firms in Melbourne and London. Professionally qualified in both Australia and the United Kingdom, he has Bachelor of Laws and Bachelor of Commerce degrees from Monash University.

Alan Tietzel

CHIEFADVISORAGREEMENTS

BA, BCom, Dip Ed MBA

Mr Tietzel was appointed as General Manager External Relations in July 2010 and subsequently Chief Advisor Agreements in September 2012. He has a background in Aboriginal land agreements, regional development, government relations, human resources and organisation development.

Mr Tietzel joined Rio Tinto in 1990 and has worked in the diamonds, salt, bauxite and alumina sectors, and in a variety of corporate functions.

DIRECTOR'S REPORT

Meetings of Directors

The number of Directors and 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[5]	AUDIT AND RISK COMMITTEE[5]	REMUNERATION COMMITTEE[5]	HSE COMMITTEE[5]	OTHER[5]
P Mansell	7/7	4/4	2/2	-	4/4
P Arnold[1]	2/2	-	-	-	-
A Sutton[2]	5/5	-	-	-	1/1
Z Fisher	7/7	-	-	2/3	-
S Charles	7/7	4/4	2/2	3/3	3/3
P Dowd	7/7	4/4	2/2	3/3	1/1
S. Kaufman[3]	1/1	-	-	-	-
S Trott[4]	6/6	-	-	-	-

Note 1 *Appointed as a Director 2 August 2017.*
Note 2 *Resigned as a Director 2 August 2017.*
Note 3 *Appointed as a Director 29 November 2017.*
Note 4 *Resigned as a Director 28 November 2017.*
Note 5 *Number of meetings attended/maximum the Director could have attended.*

Ms Sutton was invited to meetings of the Audit and Risk Committee and the Health, Safety and Environment Committee prior to her resignation as a Director and attended all such meetings held during that time.

Mr Arnold was invited to meetings of the Audit and Risk Committee and the Health, Safety and Environment Committee following his appointment as a Director and attended all such meetings held during that time.

Interests of Directors

The interests of each Director in the share capital of the Company and its related body corporates as at 31 January 2018 are shown below:

DIRECTORS	ENERGY RESOURCES OF AUSTRALIA LTD ORDINARY SHARES	RIO TINTO LIMITED ORDINARY SHARES	RIO TINTO LIMITED OPTIONS IN ORDINARY SHARES	RIO TINTO LIMITED CONDITIONAL INTERESTS IN ORDINARY SHARES
P Mansell	-	2,000	-	-
P Arnold[1]	-	734	-	5,786
A Sutton[2]	-	6,286	1,158	17,599
S Charles	-	-	-	-
P Dowd	-	1,744	-	-
Z Fisher	-	4,180	-	11,288
S. Kaufman[3]	-	2,972	-	23,622
S Trott[4]	-	5,066	-	43,635

Note 1 *Appointed as a Director 2 August 2017.*
Note 2 *Resigned as a Director 2 August 2017.*
Note 3 *Appointed as a Director 29 November 2017.*
Note 4 *Resigned as a Director 28 November 2017.*

DIRECTOR'S REPORT

Remuneration report

The Remuneration Report is set out under the following main headings:

A. Board oversight of remuneration
B. Principles used to determine non-executive Directors' remuneration
C. Principles used to determine executive remuneration
D. Details of remuneration
E. Executive service agreements
F. Share based compensation
G. Additional information

The information provided in the Remuneration Report has been audited by the Company's independent auditor as required by section 308(3C) of the *Corporations Act 2001*.

A Board oversight of remuneration

The Remuneration Committee has responsibility to review:

- remuneration framework and policies (including key performance indicators) for the Company's Chief Executive and senior executives;
- remuneration and performance of the Company's Chief Executive and senior executives;
- remuneration of the Company's non-executive Directors; and
- remuneration disclosures made by the Company.

The Remuneration Committee Charter is available at the Corporate Governance section of ERA's website.

B Principles used to determine non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the non-executive Directors. The Remuneration Committee reviews and makes recommendations to the Board regarding non-executive Directors' remuneration. These fees are comprised of a base fee and any fees payable to non-executive Directors for their membership on established committees of the Board. ERA does not pay retirement or post-employment benefits to non-executive Directors, however, statutory superannuation contributions are paid to non-executive Directors. In addition, from time to time, the Board may approve that non-executive Directors receive additional fees for services provided outside the established committee processes.

The following principles are applied in determining the remuneration of non-executive Directors:

- the responsibilities of, and time spent by, the non-executive Directors on the affairs of ERA, including preparation time;
- acknowledgement of the personal risk borne as a Director;
- comparison with professional market rates of remuneration to remain competitive with the market having regard to companies of similar size and complexity; and
- the desire to attract Directors of a high calibre with appropriate levels of expertise and experience.

At the 2008 Annual General Meeting, shareholders resolved to amend the Constitution of the Company to provide that the aggregate remuneration for non-executive Directors of ERA would be not more than $800,000 per annum. At the 2017 Annual General Meeting, the 2016 Remuneration Report was approved with 92.59 per cent of shares voted in favour (voting comprised 357,278,448 votes 'for' the resolution and 28,575,333 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 354,078,854 votes 'for' the resolution. The aggregate amount of non-executive Directors' remuneration paid in 2017 was approximately $701,000 inclusive of statutory superannuation.

The non-executive Directors' fees were reviewed by the Board in January 2017. The Board resolved that, with effect from 1 January 2017, non-executive Director and Committee fees would:

- increase annually by a percentage equal to the average increase awarded to employees across the Company; and
- be subject to a detailed review by the Remuneration Committee every third year, with the next detailed review to be conducted in January 2018.

The fee for the Chairman of the Remuneration Committee was also increased to align with fees payable to Chairs of other Board Committees. The annual fees for non-executive Directors for 2017 (excluding superannuation) are as follows:

	2017	2016
Chairman	$168,300	$165,000
Non-executive Director	$93,840	$92,000
Audit and Risk Committee Chair[1]	$20,400	$20,000
Audit and Risk Committee Member[1]	$13,260	$13,000
Health, Safety and Environment Chair[1]	$20,400	$20,000
Health, Safety and Environment Committee Member[1]	$13,260	$13,000
Remuneration Committee Chair[1]	$20,400	$5,000

Note 1 Fees are payable in addition to Chairman and non-executive Director fees.

C Principles used to determine executive remuneration

The Remuneration Committee is responsible for the review of, and where appropriate will make recommendations to the Board in respect of, executive remuneration.

The *Corporations Act 2001* and relevant Accounting Standards require disclosures in respect of "key management personnel", being those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

DIRECTOR'S REPORT

The key management personnel are, in addition to the Directors, the permanent General Managers of the Company (including the Chief Advisor Agreements) reporting directly to the Chief Executive. Throughout this Remuneration Report the key management personnel who are not Directors are collectively referred to as “senior executives”.

As the Company is a member company of the Rio Tinto Group, it generally implements the remuneration policies and procedures determined by the Rio Tinto Remuneration Committee and applied to senior management personnel across the wider Rio Tinto Group to determine the remuneration of the Chief Executive and senior executives.

As a member of the Rio Tinto Group, ERA’s Chief Executive and senior executives are seconded from Rio Tinto and are hence drawn from the talented pool of executives in the wider Rio Tinto Group. It is the view of the Remuneration Committee (which has been endorsed by the Board) that a company of ERA’s size, scope and remote location would have significant difficulty in attracting executives of the calibre necessary to ensure superior performance or in retaining them for significant periods if this arrangement was not in place. Under these circumstances, the Board believes that the general application of the Rio Tinto remuneration framework to ERA’s Chief Executive and senior executives, with appropriate review by the Company’s Remuneration Committee, is of benefit to ERA.

For the purposes of assessing the appropriate level of remuneration, the Australian resources sector is considered the most relevant comparator group. Additional references are also made to other relevant supplementary comparator groups. Typically, base salaries are positioned at the median of these comparator groups, while incentive plans are designed with the potential to deliver total remuneration outcomes across the full market range according to business and individual performance. The related costs of these programs are recognised in the Company’s financial statements.

Executive remuneration, including base salary and short and long term incentive plan awards, and other terms of employment are reviewed annually having regard to the evaluation of individual and business performance against goals set at the start of the year, global economic conditions and relevant comparative information. As well as base salary, remuneration packages may include fringe benefits such as medical insurance, car, rent and other allowances, superannuation, retirement entitlements and short and long term incentives.

The annual performance evaluation and management process for 2017 included formal consultation between the Chairman (based on the Remuneration Committee’s review and recommendations) and the Managing Director, Rio Tinto Coal, Salt and Uranium regarding the Chief Executive of the Company, and between the Remuneration Committee and the Chief Executive of the Company regarding the senior executives.

An annual performance evaluation of the Chief Executive and senior executives was undertaken in 2017.

The executive pay and reward framework is designed to provide a total remuneration package which is competitive in the market, aligns total remuneration with delivered individual and short and long term business performance, strikes an appropriate balance between fixed and variable components, links variable components to the achievement of challenging individual and business performance targets, and ensures the attraction, motivation and retention of the high calibre senior executives required to lead the Company.

The Company Secretary of the Company is subject to the same executive remuneration pay and reward framework.

The executive pay and reward framework has four components:

- base salary and benefits;
- short term incentive plans;
- long term incentive plans through participation in the Rio Tinto Performance Share Plan (PSP), the Rio Tinto Management Share Plan (MSP) and, in the case of the Chief Executive (Ms Sutton only), the ERA Long Term Incentive Plan (ERA LTIP); and
- other remuneration such as superannuation.

Performance and non-performance related remuneration

Total remuneration is a combination of the fixed, performance and service related elements described in this report. The short and long term incentive plans (other than the MSP) are the variable components of the total remuneration package and are therefore “at risk”. They are tied to achievement of specific business measures, individual performance and service. The other components are referred to as “fixed” as they are not at risk.

The long term incentive plans are designed to provide a target expected value of between 22.5 and 45 per cent of base salary for the senior executives and the Chief Executive, delivered in any one year through a blend of PSP and MSP. In 2017, awards were made under the PSP and MSP.

In 2016 the Remuneration Committee determined that the Chief Executive’s remuneration should be simplified and the ERA LTIP was discontinued. As such, no awards were made under the ERA LTIP in 2017.

Excluding post-employment and non-monetary benefits, the proportion of total direct remuneration, assuming maximum award levels and maximum levels of performance, provided by way of variable at risk components as at 31 December 2017 for the Chief Executive and senior executives was between 48 and 68 per cent. The actual proportion of total direct remuneration provided by way of variable performance related components will differ from these percentages depending on measured Company, Rio Tinto and individual performance and the current blend of share plans.

DIRECTOR'S REPORT

Base salary

Base salary is set at a level consistent with market expectations within the wider Rio Tinto remuneration framework and may be delivered as a mix of cash and prescribed non-financial benefits. It is targeted broadly at the median of companies of similar size, global reach and complexity, including other large natural resource companies. Base salary is reviewed annually and adjusted taking into account the individual and Company performance, global economic conditions, role responsibilities, an assessment against comparator groups, internal relativities and base salary budgets applying to the broader employee population.

Short term incentive plan

The short term incentive plan provides a bonus opportunity and is designed to support the overall remuneration policy by focusing management personnel on calendar year performance against challenging individual and business targets.

Short term incentive performance conditions

Individual performance is reviewed against relevant targets and objectives annually. The Chief Executive and senior executives of the Company have between 40 and 70 per cent of their performance-based bonus based on business measures, with the remainder based on individual measures.

The short term incentive plan bonus payments disclosed in this report are amounts paid in 2017 relating to performance in 2016, as 2017 performance calculations are not finalised at the date of this report. The Company's business performance measures for 2016 used in the determination of short term incentive plan payments were:

- Safety - All Injury Frequency Rate, Lost Time Injuries and measures relating to implementation of critical risk management (CRM);
- Financial - net earnings and free cash flow; and
- Business - drummed production, cost of material milled, volume and cost of material moved and Brine Concentrator performance.

Bonus Deferral Plan

In 2017, 25 per cent of the Chief Executive's (Ms Sutton) short term incentive plan bonus pay was satisfied through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto Bonus Deferral Plan (BDP).

The same percentage will be satisfied in 2018 through the deferred award of shares in Rio Tinto Limited.

Long term incentive plans

As previously outlined, the Remuneration Committee believes that the general application of the Rio Tinto remuneration framework (including the Rio Tinto long term incentive plans) to ERA's Chief Executive and senior executives, with appropriate review by the Remuneration Committee, is of benefit to the Company.

The Company's long term incentive plans remain unchanged for 2017. During 2018, the Remuneration Committee will review the position for future years.

Share based remuneration dependent on performance

Performance Share Plan

The PSP provides a conditional right to Rio Tinto shares to eligible senior management personnel within the Rio Tinto Group, including the Chief Executive and senior executives of ERA.

The conditional awards only vest if the performance condition set by the Rio Tinto Remuneration Committee is satisfied by Rio Tinto, although the Rio Tinto Remuneration Committee retains discretion to satisfy itself that satisfaction of the performance condition is a genuine reflection of the underlying performance of the business. Prior to the vesting of conditional awards, Rio Tinto's Total Shareholder Return (TSR) performance against the performance condition is calculated independently by Willis Towers Watson.

Subject to Rio Tinto Remuneration Committee approval, awards vest based on the Rio Tinto Group's TSR performance against the Morgan Stanley Capital World Index (one third) and the Euromoney Global Mining Index (one third), along with improvement in Rio Tinto EBIT margin (one third) relative to global mining comparators. This is reviewed at 31 December of the fifth year of the grant. The level of vesting depends on performance against the indices.

If Rio Tinto was subject to a change of control or a company restructuring, the conditional awards would only vest subject to the satisfaction of the performance condition measured at the time of the change of control or restructuring. Should this occur within the first 36 months from date of grant of the award, the number of shares that can vest will be reduced pro-rata over the 36 month period. The Rio Tinto Remuneration Committee has discretion to adjust the performance condition to ensure a fair measure of performance.

Rio Tinto releases awards to participants as either Rio Tinto plc or Rio Tinto Limited shares. Awards may, upon vesting, be satisfied by Rio Tinto through the transfer of treasury shares, the issue of new shares or the purchase of shares in the market.

Chief Executive's long term incentive plan

In 2016 the Remuneration Committee determined that the ERA LTIP would be discontinued. Awards were made in 2014 and 2015 to the Chief Executive (Ms Sutton) who was the only executive to participate in this plan.

The ERA LTIP is an award of rights that have a value calculated by reference to the Company's share price (i.e. phantom shares). Whether or not the rights vest depends on the extent to which the relevant performance conditions have been satisfied over the performance period. Awards have a three year performance period commencing on 1 January of the year of grant.

DIRECTOR'S REPORT

The two performance conditions are a relative TSR condition and the achievement of ERA strategic measures. Each condition will be assessed independently. Strategic performance conditions have been chosen to ensure that the long term incentive award is assessed against both the Company's relative performance against other uranium producers and the achievement of ERA strategic measures.

For the TSR performance condition, rights vest based on ERA's TSR performance against Areva SA, Cameco Corp, Denison Mines Corp, Energy Fuels Inc, Fission Uranium Corp, Paladin Energy Limited, Summit Resources Limited, Uranium Energy Corp and Ur-Energy Inc over the performance period. Vesting will be subject to ERA's ranked position using the following schedule:

Equal or greater to 2nd ranked company	100 per cent of the rights subject to the TSR condition vest
Between the 5th and 2nd ranked companies	Between 22.5 per cent and 100 per cent of the rights subject to the TSR condition vest, on a pro rata basis
Above the 6th ranked company	22.5 per cent of the rights subject to the TSR condition vest
Equal to the 6th ranked company or below	Nil vesting

For the ERA strategic measures, an assessment of the level of vesting applicable to this portion of the award is to be assessed by the Remuneration Committee, with the final outcome to be recommended to the Board by the Chairman at the end of the three year performance period. The elements to be considered in respect of ERA strategic measures include financial performance, organisational and personnel related performance, relations with stakeholders and progress in respect of the Ranger 3 Deeps underground mine project. For outstanding performance, the Board may determine to permit a number of rights to vest that is equal to 150 per cent of the initial number of rights awarded that were subject to ERA strategic measures condition.

The Remuneration Committee has discretion to give consideration to significant circumstances which may have changed the strategic measures over the performance period. Upon vesting, the value of the ERA LTIP award will be converted into Rio Tinto MSP shares. The number of Rio Tinto MSP shares to be awarded will be calculated based on the five day average Rio Tinto Limited share price prior to the Rio Tinto MSP grant date in March of the year of vesting. Any Rio Tinto MSP shares provided will vest after a further two year period. There are no further performance conditions, however, the Rio Tinto MSP shares can be forfeited in certain circumstances related to cessation of employment.

Share based remuneration not dependent on performance

Management Share Plan

Under the Rio Tinto MSP, conditional grants of Rio Tinto shares may be awarded to eligible employees of the Company which will vest, wholly or partly, upon expiry of a three year vesting period. Rio Tinto shares to satisfy the vesting are purchased by Rio Tinto in the market. Award levels under the Rio Tinto MSP are at the discretion of Rio Tinto.

In the case of a change of control, awards vest on the date of the change of control, but the award may be reduced pro rata to reflect the acceleration of vesting. Prior to the change of control, and with the consent of the acquiring company, the shares can be converted to shares in the acquirer. After a change of control, this can only be achieved with the consent of the employee.

Other Share Plans

All employees of the Company may participate in Rio Tinto share savings and share option plans applicable at particular locations. The myShare plan is offered to eligible employees. Under the plan, employees may acquire shares up to the value of US$5,000 per year capped at 10 per cent of their base salary. Each share purchased will be matched by the Company providing the participant holds the shares and remains employed at the end of the three year vesting period. Further details are at Note 30 to the Financial Statements.

Share dealing policy

The participation of the Chief Executive and senior executives in the Rio Tinto share plans involving the awarding of Rio Tinto securities at a future date, and any grants of shares and options under these plans, is subject to and conditional upon compliance with the terms of the 'Rules for dealing in securities of Rio Tinto' ("Rules for dealing"). The Rules for dealing expressly prohibit the limiting of exposure to economic risk in relation to such securities, and are available on the Rio Tinto website at *www.riotinto.com*.

DIRECTOR'S REPORT

D Details of remuneration

Details of the remuneration of each non-executive and executive Director and each of the senior executives in respect of their services to the Company are set out in the following table.

Non-executive Directors of Energy Resources of Australia Ltd

		SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS	
		DIRECTORS FEES ($000)	CASH BONUS ($000)	NON- CASH BENEFITS ($000)	SUPER-ANNUATION ($000)	TOTAL ($000)
P Mansell	2017	202	-	-	19	221
	2016	178	-	-	17	195
S Charles	2017	128	-	-	12	140
	2016	123	-	-	12	135
P Dowd	2017	128	-	-	12	140
	2016	124	-	-	12	136
Z Fisher[1,2]	2017	107	-	-	-	107
	2016	32	-	-	-	32
S Kaufman[1,3]	2017	8	-	-	-	8
S Trott[1,4]	2017	85	-	-	-	85
	2016	92	-	-	-	92
B Cox[1,5]	2016	32	-	-	-	32
J Farrell[1,6]	2016	69	-	-	-	69
Total 2017		658	-	-	43	701
Total 2016		650	-	-	41	691

Note 1 Amounts paid directly to Rio Tinto Limited.
Note 2 Appointed as a Director 29 August 2016.
Note 3 Appointed as a Director 29 November 2017.
Note 4 Resigned as a Director 28 November 2017.
Note 5 Resigned as a Director 3 May 2016.
Note 6 Resigned as a Director 29 August 2016.

DIRECTOR'S REPORT

Executive Director and senior executives

Set out below is an overview of the remuneration paid to the Executive Director and senior executives in 2017. This includes details of the key elements of remuneration and a summary of total remuneration for 2017.

Andrea Sutton
(Chief Executive and Managing Director to 2 August 2017)

Base salary

Ms Sutton resigned as Chief Executive and Managing Director on 2 August 2017. Ms Sutton's base salary was reviewed annually with reference to the underlying performance of ERA and the Rio Tinto Group, global economic conditions, role responsibility, individual performance, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader employee population.

On 1 March 2017, Ms Sutton's base salary was $407,809 (1 March 2016: $400,402).

STIP objectives

The STIP cash payment made to Ms Sutton in 2017 was determined by assessing individual and business performance in 2016 against objectives set for that year.

The following individual objectives were set for Ms Sutton for 2016:

- safe and predictable operations with particular emphasis on process safety, asset integrity, productivity, output, quality, costs and cash flow;
- effective implementation of strategies for water management, other environmental controls and progressive rehabilitation, including stable and consistent operation of Brine Concentrator;
- outcome of Strategic Review endorsed by the Board and effective implemention of strategy; and
- effective leadership behaviours in interaction with employees, the Board and stakeholders including Traditional Owners, regulators, investors and the community.

STIP outcomes

Ms Sutton's achievement against her 2016 individual objectives was assessed as 'very good'. Detailed outcomes are below:

- strong safety perfomance in 2016 with a decrease in the All Injury Frequency Rate to 0.19 (2015: 0.67);
- production of 2,351 tonnes of uranium oxide was 17 per cent higher than 2016; sales volume of 2,139 tonnes of uranium oxide;
- Ranger rehabilitation program progressed to schedule;
- strong cash management focus and continued growth of cash reserves;
- business strategy review developed and accepted by Board;
- optimised availability and throughput of the Brine Concentrator, including injection of brine into Pit 3 backfill; and
- continued progress with key stakeholders on closure criteria for Ranger Project Area and associated infrastructure.

LTIP awards granted

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the MSP and PSP awards granted to Ms Sutton in 2017, based on the fair value calculations performed by individual advisors, was 45 per cent of base salary. The eventual value of the PSP award will depend on performance during the period 2017 to 2021.

ERA LTIP outcome for the period ended 31 December 2017

The 2014 ERA LTIP award of 129,837 phantom shares granted to Ms Sutton on 1 May 2014 had a performance period which ended on 31 December 2016. The two performance conditions are a relative TSR condition and the achievement of ERA strategic measures. The Company engaged Ernst & Young to calculate the outcomes against the TSR component. Ernst & Young determined that, as ERA's TSR ranking was below 6th, no awards vested under this component.

The relevant strategic measures were principally focussed on the development of the Ranger 3 Deeps ore body and were not updated following the decision to defer the project in June 2015. The Remuneration Committee considered Ms Sutton's ability to achieve the strategic measures had been impacted by factors that were beyond her control and was of the view that Ms Sutton has performed well during the performance period in respect of the matters that were within her control. The Committee recommended that 100 per cent of the strategic measures component would vest and this recommendation was accepted by the Board.

As a result of this assessment, the Board approved the vesting of 64,918 phantom shares. The value of these shares was calculated based on the average closing price of ERA shares over the five working days prior to the Rio Tinto LTIP award grant date of 9 March 2017. The total value based on this average share price of $0.638 was therefore $41,418. This value was subsequently converted to 668 Rio Tinto MSP shares based on the average Rio Tinto Limited share price over the same period of $61.92.

DIRECTOR'S REPORT

Total remuneration

The table below provides a summary of Ms Sutton's total remuneration disclosed for the years of 2016 and 2017. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Company's remuneration arrangements. The remuneration details set out on page 45 include theoretical accounting values relating to various parts of the remuneration packages, most notably long term incentive plan arrangements. Accordingly, the numbers below are not compatible with those in the table on page 45.

(STATED IN $'000)	2017	2016
Base salary paid[1]	237	400
STIP cash bonus[2]	207	204
STIP deferred shares[3]	69	68
LTIP share based payments	108	254
Superannuation	21	30
Other benefits[4]	87	140
Total remuneration	729	1,096
% change from previous year	n/a	6
% of maximum STIP cash bonus awarded	69	68
% of maximum STIP cash bonus forfeited	31	32

Note 1 2017 salary paid in financial year to 2 August 2017.
Note 2 Bonus payment relates to prior year performance.
Note 3 Value of deferred share awards granted under Bonus Deferral Plan.
Note 4 Other benefits include accommodation, vehicle and other allowances and Company paid superannuation above statutory requirements that is taken as cash.

Paul Arnold
(Chief Executive and Managing Director from 2 August 2017)

Base salary

Mr Arnold was appointed as Chief Executive and Managing Director on 2 August 2017. Mr Arnold's base salary is reviewed annually with reference to the underlying performance of ERA and the Rio Tinto Group, global economic conditions, role responsibility, individual performance, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader employee population.

On 2 August 2017, Mr Arnold's base salary was $370,000.

STIP objectives and outcomes

Mr Arnold was employed by another Rio Tinto entity in 2016, as such STIP objectives or outcome are not reported.

LTIP awards granted

As Mr Arnold was employed by another Rio Tinto entity in 2016, LTIP awards are not report as remuneration.

DIRECTOR'S REPORT

Total remuneration

The table below provides a summary of Mr Arnold's total remuneration disclosed for 2017 for services rendered to ERA. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Company's remuneration arrangements. The remuneration details set out on page 45 include theoretical accounting values relating to various parts of the remuneration packages, most notably long term incentive plan arrangements. Accordingly, the numbers below are not compatible with those in the table on page 45.

(STATED IN $'000)	2017
Base salary paid[1]	154
STIP cash bonus	-
STIP deferred shares	-
LTIP share based payments[2]	43
Superannuation	10
Other benefits[3]	127
Total remuneration	334
% change from previous year	-
% of maximum STIP cash bonus awarded	-
% of maximum STIP cash bonus forfeited	-

Note 1 *Salary paid in financial year from 2 August 2017 to 31 December 2017. Salaries are reviewed with effect from 1 March.*
Note 2 *No LTIPs were issued for services to ERA. However remuneration relates to the progressive vesting whilst employed by ERA.*
Note 3 *Other benefits include relocation, vehicle and other allowances.*

Senior executives

Base salary

Base salaries are reviewed annually, with reference to the underlying performance of ERA, the Rio Tinto Group and the individual, global economic conditions, role responsibility, an assessment against relevant comparator groups and base salary budgets applying to the broader employee population.

At the end of 2016 and 2017, the base salaries of the Company's senior executives were:

BASE SALARY A'$000 (UNLESS OTHERWISE SPECIFIED)	2017	2016	CHANGE
Lesley Bryce[1]	270	-	n/a
James May	247	240	3%
Alan Tietzel	359	355	1%
Tim Eckersley[2]	322	322	-

Note 1 *Employment commenced on 1 June 2017.*
Note 2 *Employment with ERA ceased on 1 February 2017. Salary is reflected at time of resignation.*

DIRECTOR'S REPORT

STIP objectives and outcomes

The individual objectives set out below relate to the 2016 financial year (with the corresponding STIP Award paid in 2017).

	SUMMARY OF INDIVIDUAL OBJECTIVES
Lesley Bryce	• Ms Bryce joined ERA in June 2017, and as such no STIP payment was made in 2017 for services to ERA
James May	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership • Continuous improvement of key business processes, including IT and procurement • Drive and deliver cash generation initiatives and cost improvement for ERA • Manage treasury processes and financing risks for the business • Lead the work program that supports the ERA strategic review • Deliver excellence in accounting, performance reporting and financial forecasting • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect
Alan Tietzel	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership • Continue effective implementation of stakeholder engagement strategy • Identify and deliver business transformation improvements, particularly in regard to Jabiru • Design and implement stakeholder initiatives which promote the timely determination of the future of Jabiru • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect
Tim Eckersley	• Prevention of high consequence safety and environmental events • Demonstrate Health, Safety and Environment leadership • Establish and deliver the asset, maintenance and reliability plan • Build a plan to deliver and maintain improvement projects • Achieve target metrics for production and cost, plant utilisation, availability and recovery • Delivery of the planned dredging, tailings deposition in Pit 3, brines reinjection and bulk material movements • Delivery of the pond and process water treatment to plan • Establish key operating parameters and deliverables to meet the objectives of Ranger Closure Plan • Demonstrate behaviours that align with the values of accountability, teamwork, integrity and respect

DIRECTOR'S REPORT

A summary of the individual targets and performance for each of the Company's senior executives (other than the Chief Executive) for the 2016 financial year (with the corresponding STIP Award paid in 2017) is set out in the table below.

MEASURES	WEIGHT (%)	RESULT (OUT OF 200%)	WEIGHTED RESULT (%)
James May			
Business and financial performance	25.0	120.3	30.1
Health and Safety	15.0	183.0	27.5
Individual	60.0	140.0	84.0
Total	**100.0**	**-**	**141.6**
Alan Tietzel			
Business and financial performance	25.0	120.3	30.1
Health and Safety	15.0	183.0	27.5
Individual	60.0	105.0	63.0
Total	**100.0**	**-**	**120.6**
Tim Eckersley			
Business and financial performance	25.0	120.3	30.1
Health and Safety	15.0	183.0	27.5
Individual	60.0	140.0	84.0
Total	**100.0**	**-**	**141.6**

LTIP awards

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the awards granted to the Company's senior executives (other than the Chief Executive) in 2017, based on the fair value calculations performed by independent advisors, was between 22.5 per cent and 30 per cent of base salary.

DIRECTOR'S REPORT

Executive Director and senior executives total remuneration

		SHORT TERM BENEFITS				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	
		CASH SALARY ($000)	CASH BONUS[7] ($000)	OTHER[8] ($000)	TERMINATION PAYMENTS ($000)	SUPER-ANNUATION PENSION ($000)	CASH & EQUITY SETTLED ($000)	TOTAL ($000)
Executive Director								
P Arnold[1]	**2017**	154	-	127	-	10	43	334
A Sutton[2]	**2017**	237	207	87	-	21	108	660
	2016	400	204	140	-	30	254	1,028
Senior executives								
L Bryce[3]	**2017**	173	-	67	-	16	23	279
J May[4]	**2017**	246	85	75	-	59	55	520
	2016	240	82	75	-	65	47	509
A Tietzel[5]	**2017**	359	128	97	-	32	114	730
	2016	355	137	93	-	35	115	735
T Eckersley[6]	**2017**	32	-	7	-	10	5	54
	2016	365	136	34	-	75	104	714
Total 2017		1,201	420	460	-	148	348	2,577
Total 2016		1,360	559	342	-	205	520	2,986

Note 1 Salary paid in financial year from 2 August 2017 to 31 December 2017. No cash bonus was paid in respect to services rendered to ERA during the year.
Note 2 Salary paid in financial year from 1 January 2017 to 2 August 2017. Performance related cash bonus: 69 per cent awarded in 2017, 31 per cent forfeited, 68 per cent awarded in 2016, 32 per cent forfeited.
Note 3 Salary paid in financial year from 1 June 2017 to 31 December 2017. No cash bonus was paid in respect to services rendered to ERA during the year.
Note 4 Performance related cash bonus: 71 per cent awarded in 2017, 29 per cent forfeited. 69 per cent awarded in 2016, 31 per cent forfeited.
Note 5 Performance related cash bonus: 60 per cent awarded in 2017, 40 per cent forfeited. 64 per cent awarded in 2016, 36 per cent forfeited.
Note 6 Salary paid in financial year from 1 January 2017 to 1 February 2017. No cash bonus was paid in respect to services rendered to ERA during the year. 70 per cent awarded in 2016, 30 per cent forfeited.
Note 7 Performance and related bonuses paid in 2017 relate to services in 2016 (equally bonuses paid in 2016 relate to services in 2015).
Note 8 Other benefits include relocation, accommodation, travel, vehicle, other allowances, Company paid superannuation above statutory requirement that is taken as cash excluding cash paid site allowances which are treated as cash salary.

The value of share based awards has been determined in accordance with the recognition and measurement requirements of AASB2 “Share-based Payment”. The fair value of awards granted under the Rio Tinto Management Share Plan (MSP), Bonus Deferral Plan (BDP), Performance Share Plan (PSP) and myShare has been calculated at their dates of grant using valuation models provided by external consultants Lane Clark and Peacock LLP, including an independent lattice-based option valuation model and a Monte Carlo valuation model which takes into account the constraints on vesting and exercise attached to these awards.

The fair value of awards granted under the ERA Long Term Incentive Plan (ERA LTIP) to the Chief Executive (Ms Sutton) have been calculated at their date of grant using a valuation model provided by external consultant Ernst & Young.

DIRECTOR'S REPORT

E Executive service agreements

Remuneration and other terms of employment for the Chief Executive and senior executives are formalised in service agreements. These agreements provide for participation in the Rio Tinto short and long term incentive plans upon achieving performance and service goals. The agreements may also provide for other benefits, including: medical insurance, vehicle and accommodation allowances, relocation allowances and expenses and travel allowances.

The Chief Executive and senior executives are also entitled to a range of pre-existing redundancy entitlements, depending on the business and region from where they were originally employed within the Rio Tinto Group. These include:

- notice may be worked or fully or partly paid in lieu, at ERA's discretion;
- additional capped service related payments may apply;
- pro rata short term incentive plan payments may be paid based on the proportion of the performance period worked;
- conditional share awards granted and held for less than three years at the date of termination are reduced pro-rata;
- conditional share awards held for less than three years at date of termination are reduced pro-rata;
- there is no contractual entitlement to payments in the event of a change of control; and
- other major provisions of the agreements relating to remuneration as set out below.

P Arnold - Chief Executive

Term of agreement - Open, commenced 2 August 2017

Base salary (excluding superannuation, allowances and other benefits) as at 2 August 2017 of $370,000 per annum. Maximum short term incentive bonus upon meeting performance criteria is 100 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

In addition to Mr Arnold's service agreement, ERA has entered into a secondment agreement with Rio Tinto in relation to Mr Arnold's services to ERA. The secondment agreement provides that ERA can end Mr Arnold's secondment by giving Rio Tinto six months' notice at any time. Rio Tinto can end Mr Arnold's secondment by giving six months' notice to ERA.

L Bryce - General Manager Operations

Term of agreement - Open, commenced 1 June 2017

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2017 of $270,000 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

J May - Chief Financial Officer

Term of agreement - Open, commenced 5 May 2014

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2017 of $246,811 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

A Tietzel - Chief Advisor Agreements

Term of agreement - Open, commenced 1 October 2010

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2017 of $359,118 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

A Sutton - Chief Executive

Term of agreement - Commenced 23 September 2013 and resigned 2 August 2017

Base salary (excluding superannuation, allowances and other benefits) as at 2 August 2017 of $407,809 per annum. Maximum short term incentive bonus upon meeting performance criteria is 100 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

DIRECTOR'S REPORT

T Eckersley - General Manager Operations

Term of agreement - Commenced 10 September 2012 and resigned 1 February 2017

Base salary (excluding superannuation, allowances and other benefits) as at 1 February 2017 of $321,946 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months' notice in writing or by the employer giving six months' notice or equivalent payment in lieu of notice.

F Share based compensation

Rio Tinto Share Option Plan

In 2013 the Rio Tinto Share Option Plan was discontinued. Details of the costs of the share based payment plans applied by the Company are provided at Note 30 of the Financial Statements.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (PRE RIGHTS ISSUE)	EXERCISE PRICE (POST RIGHTS ISSUE)	VALUE PER OPTION AT GRANT DATE	VALUE PER OPTION POST RIGHTS ISSUE	EARLIEST EXERCISE DATE
Rio Tinto Limited						
17/03/2009	17/03/2019	49.56	33.45	13.36	13.36	17/03/2012

Rio Tinto Performance Share Plan

Share awards under the Rio Tinto Performance Share Plan (PSP) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. In 2013 the PSP was revised, and as a transitional provision, 50 per cent potentially vest after four years and 50 per cent potentially vest after five years. PSP awards were granted in 2017. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS[1]	MARKET PRICE AT 31 DECEMBER 2017
Rio Tinto Limited			
27 May 2013	$53.11	31 December 2017	$75.81
11 March 2016	$44.57	31 December 2020	$75.81
9 March 2017	$58.97	31 December 2021	$75.81

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company.

DIRECTOR'S REPORT

Rio Tinto Management Share Plan

Share awards under the Rio Tinto Management Share Plan (MSP) are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS[1]	PRICE AT 31 DECEMBER 2017
Rio Tinto Limited			
23 March 2015	$54.02	19 February 2018	$75.81
11 March 2016	$44.57	18 February 2019	$75.81
9 March 2017	$58.97	18 February 2020	$75.81

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company.

Rio Tinto Bonus Deferral Plan

Share awards under the Rio Tinto Bonus Deferral Plan are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each right to Rio Tinto Limited shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	VESTING DATE[1]	PRICE AT 31 DECEMBER 2017
Rio Tinto Limited			
23 March 2015	$54.02	1 December 2017	$75.81
11 March 2016	$44.57	1 December 2018	$75.81
9 March 2017	$58.97	1 December 2019	$75.81

Note 1 Vesting dependent upon continued employment with a Rio Tinto Group company.

Share based compensation – Rio Tinto employee share schemes

The key management personnel and Directors of the Company who elected to participate in Rio Tinto employee share schemes as at 31 December 2017 are set out below:

P Arnold	Rio Tinto myShare Savings Plan
L Bryce	Rio Tinto myShare Savings Plan
Z Fisher	Rio Tinto myShare Savings Plan
A Tietzel	Rio Tinto myShare Savings Plan
S Kaufman	Rio Tinto myShare Savings Plan

DIRECTOR'S REPORT

Equity instrument disclosures relating to key management personnel

Options provided as remuneration

Details of options over ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to key management personnel in respect of their service to ERA (or, in the case of non-executive Directors, to Rio Tinto) are set out below. When exercisable, each option is convertible into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

		BALANCE AT START OF THE YEAR OR ON JOINING[1]	GRANTED AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES[2]	BALANCE AT END OF THE YEAR[3]	
						VESTED & EXERCISABLE	UNVESTED
Rio Tinto Limited							
Executive Director							
A Sutton	**2017**	1,158	-	-	-	1,158	-
	2016	2,888	-	-	(1,730)	1,158	-
Non-executive Directors[4]							
B Cox	**2016**	8,111	-	-	(3,726)	4,385	-
J Farrell	**2016**	3,666	-	-	(3,666)	-	-

Note 1 Where key management personnel joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.
Note 2 Other changes and end of year balance include changes made in relation to awards for service within the wider Rio Tinto Group, including before joining or after ceasing with ERA, and forfeited options where conditions were not met.
Note 3 Where key management personnel left prior to the end of the year, the balance reflects the holding at the time of resignation.
Note 4 Changes to balances for non-executive Directors do not relate to remuneration for services provided to the Company.

DIRECTOR'S REPORT

Conditional awards provided as remuneration

Performance Share Plan; Management Share Plan; Bonus Deferral Plan

No conditional awards of ordinary shares of either ERA or of Rio Tinto Limited or Rio Tinto plc were provided during the year as remuneration for services provided to ERA to any of the non-executive Directors. Details of conditional awards of ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to the Chief Executive and senior executives of ERA in respect of their duties as officers of ERA are set out below. When exercisable, each award converts into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

		BALANCE AT START OF THE YEAR OR ON JOINING[1]	GRANTED AS REMUN-ERATION	VESTED	LAPSED	AWARDS CANCELLED	OTHER CHANGES[2]	BALANCE AT END OF YEAR[3]
Rio Tinto Limited								
Executive Director								
P Arnold	**2017**	5,771	-	-	-	(17)	-	5,754
A Sutton	**2017**	12,870	7,749	(2,349)	-	(671)	-	17,599
	2016	9,350	6,786	(3,032)	-	(234)	-	12,870
Senior executives								
L Bryce	**2017**	1,880	-	-	-	-	-	1,880
J May	**2017**	3,164	1,199	(653)	-	(67)	-	3,643
	2016	2,367	1,573	(717)	-	(59)	-	3,164
A Tietzel	**2017**	6,247	2,400	(2,110)	-	(212)	-	6,325
	2016	6,548	2,216	(2,323)	-	(194)	-	6,247
T Eckersley	**2017**	5,650	-	-	-	-	-	5,650
	2016	5,825	2,007	(2,033)	-	(149)	-	5,650
Non-executive Directors[4]								
Z Fisher	**2017**	6,631		(1,103)	-	-	5,740	11,268
	2016	6,626	-	-	-	-	5	6,631
S Kaufman	**2017**	23,603	-	-	-	-	-	23,603
S Trott	**2017**	35,832	-	(4,450)	-	-	12,253	43,635
	2016	24,473	-	(3,023)	-	-	14,382	35,832

Note 1 *Where key management personnel joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.*
Note 2 *Other changes and end of year balance include changes made in relation to awards for service within the wider Rio Tinto Group, including before joining or after ceasing with ERA, and Rio Tinto Rights Issue adjustments to accrued balances.*
Note 3 *When key management personnel left prior to the end of the year, the balance reflects holdings at the date of resignation.*
Note 4 *Changes to balances for non-executive Directors do not relate to remuneration for services provided to ERA.*

ERA Long Term Incentive Plan

In addition to the conditional awards set out above, as at 31 December 2017, Ms Sutton had been awarded a cumulative total of 93,691 rights (31 December 2016 balance: 223,528 rights) that have a value calculated by reference to the Company's share price (i.e. phantom shares). These awards have a three year performance period and, upon vesting, will be converted into Rio Tinto MSP shares based on the five day average Rio Tinto Limited share price prior to the Rio Tinto MSP grant date in March of the year of vesting. Any Rio Tinto MSP shares provided will vest after a further two year period. Further details of the ERA LTIP are available on pages 37 and 38.

DIRECTOR'S REPORT

Shareholdings

The number of shares held in ERA or Rio Tinto Limited during the financial year by each Director of ERA are set out below.

		BALANCE AT START OF THE YEAR[1]	INCREASED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR[2]
Rio Tinto Limited					
P Mansell	**2017**	2,000	-	-	2,000
	2016	3,500	-	(1,500)	2,000
P Arnold	**2017**	658	46	-	704
A Sutton	**2017**	3,885	2,401	-	6,286
	2016	11,537	3,580	(11,232)	3,885
P Dowd	**2017**	1,744	-	-	1,744
	2016	1,744	-	-	1,744
Z Fisher	**2017**	2,877	1,285	-	4,162
	2016	2,799	3,071	(2,993)	2,877
S Kaufman	**2017**	2,944	-	-	2,944
S Trott	**2017**	5,409	4,170	(4,513)	5,066
	2016	2,318	3,091	-	5,409

Note 1 Where a Director was appointed during the year, balance reflects holdings at the time of commencement with the Company.
Note 2 Where a Director resigned during the year, balance reflects holdings at time of resignation as a Director of the Company.

G Additional information

Loans and other transactions with Directors and other key management personnel

There are no loans with Directors and other key management personnel. Other transactions with Director related entities are disclosed in Note 24 – Related parties.

DIRECTOR'S REPORT

Principal activities
The principal activities of the Company during the course of the year consisted of the mining, processing and sale of uranium oxide.

Dividends
No dividends have been paid by ERA to members in respect of the 2017 financial year (2016: nil).

Operating and financial review
Details of ERA's review and results of operations are included in the Chairman's Report on page 4, the Chief Executive's Report on page 5 and the Operating and Financial Review section on page 7.

Significant changes to the state of affairs
In the opinion of the Directors, other than matters reported in the Directors' Report, the Chairman's Report and the Chief Executive's Report, there were no significant changes in the state of affairs of the Company during the year ended 31 December 2017.

Matters subsequent to the end of the financial year
There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material nature that has significantly affected or may significantly affect:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company subsequent to the financial year ended 31 December 2017.

Likely developments
In the opinion of the Directors, any likely developments in the operations of the Company known at the date of this report have been covered within the Annual Report and Notes to the financial statements.

A general review of developments for ERA is presented in the Operating and Financial Review section on page 7.

Annual General Meeting
The 2018 Annual General Meeting will be held on 11 April 2018 in Darwin, in the Northern Territory of Australia. Notices of the 2018 Annual General Meeting will be set out in separate letters to the shareholders of the Company.

Indemnification
Clause 11 of the Company's constitution provides that every Director, manager, officer or employee 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 Act 2001* 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 Act 2001*.

The Directors and Company Secretary of the Company, and all former Directors and Company Secretaries, have the benefit of the indemnity in Clause 11 of the Company's constitution.

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

Insurance
Since the end of the previous financial year, the Company has paid insurance premiums in respect of a Directors' and officers' liability policy of insurance.

The policy indemnifies all Directors and officers of ERA (including the Directors, Company 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.

Environmental regulation and policy
ERA strives to be at the forefront of environmental management in the uranium industry. It operates in accordance with relevant Commonwealth and Northern Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations. ERA's environmental management system is ISO14001 compliant.

ERA is required to report any incident that is a divergence from strict compliance with statutory requirements, even if the incident has no detrimental environmental impact, and reports are made to the Department of Primary Industry and Resources (Northern Territory); the Supervising Scientist Branch of the Commonwealth Department of Environment; the Northern Land Council; the Commonwealth Department of Industry, Innovation and Science and the Gundjeihmi Aboriginal Corporation (representatives of the Mirarr Traditional Owners).

ERA's commitment to protect the environment in 2017 was overseen by the Supervising Scientist Branch, which conducts extensive monitoring and research programs on the Ranger Project Area and Jabiluka Mineral Lease.

There were no prosecutions commenced or fines incurred in respect of ERA's environmental performance during 2017.

DIRECTOR'S REPORT

The environment remained protected throughout the period. Further details of ERA's environmental performance are included in the Environment section of the Annual Report on page 22.

Corporate governance

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance. The corporate governance structures and practices in place at ERA are substantially in compliance with the 3rd Edition of the Corporate Governance Principles and Recommendations developed by the ASX Corporate Governance Council ("Council").

Areas where the corporate governance practices of ERA do not follow the Council's recommendations arise due to Rio Tinto's 68.4 per cent ownership of the Company and the management direction, services and support this provides. The extent to which the Company does not comply is detailed in the Corporate Governance Statement on pages 55 to 61.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 2016/191 and in accordance with that Class Order amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor

PricewaterhouseCoopers is the auditor of the Company. No person who was an officer of the Company during the year was a former partner or director of the auditor. Each of the Directors at the time this report was approved has confirmed that:

- so far as he or she is aware, there is no relevant audit information (ie information needed by the auditor in connection with preparing its report) of which the auditor is unaware; and
- he or she has taken all steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Non audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for audit services are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for the auditor imposed by the *Corporations Act 2001*.

All non-audit services are reviewed by the Audit and Risk Committee to ensure they do not impact on the impartiality and objectivity of the auditor and do not undermine the general principles relating to auditor's independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards. Accordingly, the Directors have satisfied themselves that the provision of non-audit services by the auditor does not compromise the auditor independence requirements of the *Corporations Act 2001*.

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-audit related firms.

	2017 $000	2016 $000
AUDIT SERVICES		
PricewaterhouseCoopers Australia		
Audit and review of financial reports	245	407
Audit and review of financial reports (additional prior year fees)	86	28
Total remuneration for audit services	331	435
Taxation services	-	-
Audit related services	-	53
Total Remuneration	331	488

Information on Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 54.

Signed at Perth this 8 February 2018 in accordance with a resolution of the Directors.

P Mansell
Director
Perth
8 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Energy Resources of Australia Ltd for the year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

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

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

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne

8 February 2018

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CORPORATE GOVERNANCE STATEMENT

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance and to maximise the overall long term return to shareholders. The Board seeks to ensure that ERA meets the objectives of its shareholders, while paying proper regard to the interests of employees and external stakeholders.

The corporate governance structures and practices in place at ERA are substantially in compliance with the 3rd Edition of the Corporate Governance Principles and Recommendations ("Principles") developed by the ASX Corporate Governance Council ("Council").

The Board has considered the Council's Principles, and ERA did not comply with the following recommendation for the whole of the reporting period:

- Recommendation 2.4 – there was not a majority of independent Directors.

As explained further below, the Board considers that this is appropriate.

This Corporate Governance Statement is current as at 8 February 2018 and has been approved by the Board of ERA.

Board responsibilities and charter

In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the ERA's shareholders and employees and the community.

The Board Charter underpins the strategic guidance and effective management oversight provided by the Board, and defines the division of responsibility between Board and management by formal delegation and a system of Board reserve powers.

Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of ERA's business is delegated to the Chief Executive who is accountable to the Board.

The Board approves strategy and business plans and monitors the performance of ERA against these plans. The Board also monitors compliance with policies prescribed by the Board in areas such as health and safety, environment, business ethics, internal control and risk management. These policies are designed to ensure that ERA meets or exceeds the regulatory requirements governing its operations.

In addition to the matters expressly required by law to be approved by the Board, the powers specifically reserved for the Board are as follows:

- confirming the appointment and removal of a Chief Executive proposed by Rio Tinto and the terms and conditions of the Chief Executive's employment;
- appointment and removal of a Company Secretary;
- appointment of the Chairman of the Board and members of Board Committees;
- any matters set out in the Schedule of Matters Reserved for Decision or Consideration by the Board; and
- approval, subject to the Constitution, the *Corporations Act 2001* and the ASX Listing Rules, of each of the following:
  - (i) the issue of new shares or other securities in the Company;
  - (ii) incurring of debt (other than trade creditors incurred in the normal course of business);
  - (iii) capital expenditure in excess of $5,000,000;
  - (iv) the acquisition, divestment or establishment of any significant business assets;
  - (v) changes to the discretions delegated from the Board;
  - (vi) the annual operating budget plan;
  - (vii) changes to the capital and operating approval limits of senior management; and
  - (viii) the annual report and interim and preliminary final reports.

The Board Charter is available at the Corporate Governance section of ERA's website.

Composition

Throughout 2017, the Board of ERA consisted of six Directors, five of whom were non-executive.

Mr Mansell, Mr Charles and Mr Dowd all served as independent non-executive Directors throughout 2017. Ms Fisher, Ms Kaufman and Mr Trott, who are current executives of Rio Tinto, also served as non-executive Directors during the period. Ms Sutton was an executive Director and held the position of Chief Executive until 2 August 2017. On 2 August 2017, Ms Sutton resigned as a Director and Chief Executive. Mr Arnold was elected as a Director and Chief Executive on the same date.

On 28 November 2017, Mr Trott resigned as a Director. Ms Kaufman was appointed as a Director on 29 November 2017.

Skills, experience and diversity

The Board strives to achieve a diversity of skills, experience and perspective among its Directors. Details of the Directors, their experience, qualifications and other appointments are set out on pages 30 to 31. Details of the independent status of each Director are outlined in the Independence section below.

CORPORATE GOVERNANCE STATEMENT

Qualification for Board membership is driven by the principle that the Board's composition should reflect the right balance of skills, knowledge and diversity that the Board considers will best serve the interests of ERA and all of its shareholders.

The Board reviews its structure, size and composition regularly. The Board has not established a Nominations Committee. The Board considers that its existing practices in reviewing Director competencies, Board succession planning, Board performance evaluation and Director selection and nomination carried out in accordance with the Board Charter, are satisfactory and appropriate given the size of the Board and ERA's current ownership structure.

The process to identify and nominate new independent Directors from time to time is led by the incumbent independent Directors. Decisions relating to the appointment of Directors are made by the full Board. Directors appointed by the Board are required by ERA's Constitution to submit themselves for re-election by shareholders at the Annual General Meeting following their appointment. There is no share ownership qualification for appointment as a Director.

The ERA Board undertakes appropriate background checks and screening prior to appointing a Director or putting a candidate to security holders for election as a Director. ERA provides security holders with all material information in its possession concerning each Director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

Non-executive Directors are required to retire at least every three years in accordance with ERA's Constitution, but may offer themselves for re-election. The key attributes that the Board seeks to achieve in its membership are set out below.

Mining	Senior executive experience in the resources industry, including mining, development, marketing and exploration
Health, Safety and Environment	Familiarity with issues associated with workplace health and safety, environment and social responsibility
Financial	Proficiency in financial accounting and reporting, corporate finance, internal financial controls, corporate funding and associated risks
Technical	A strong understanding in technical areas of the resource industry, including engineering, mining and processing
Strategy	Proven ability in developing and implementing successful business strategies, including the capacity to probe and challenge management on the delivery of strategic objectives
Governance	Commitment to the highest standards of governance, including Board experience with other ASX listed companies that demonstrate rigorous governance standards
Executive leadership	Sustainable success in business at a very senior executive level
Government relations	Interaction with government and regulators and involvement in public policy initiatives and decisions
Community and indigenous engagement	Experience in engaging with a cross-section of community and Indigenous stakeholders
Risk management	Experience in developing and establishing risk management frameworks, setting risk appetite and overseeing organisational risk culture

Appointment, induction training and professional development

All new non-executive Directors sign a letter of appointment which sets out the key terms and conditions of their appointment including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work. The Chief Executive and senior executives enter into service agreements which govern the terms of their employment (see page 46).

Induction training is provided to all new Directors. It includes comprehensive induction materials, discussions with the Chief Executive and senior executives and the option to visit the Company's operations at Ranger mine, either by appointment or with the Board during its next site tour. The induction materials and discussions include information on the Company's strategy, culture and values, key corporate and Board policies, the Company's financial, operational and risk management position, the rights and responsibilities of Directors, the role of the Board and its committees and meeting arrangements.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. ERA provides the opportunity for Directors to participate in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

CORPORATE GOVERNANCE STATEMENT

Independence

For the purposes of determining Director independence, the Board considers any material business relationship which could interfere, or be perceived to interfere, with the Director's independence of judgement, ability to provide a strong, valuable contribution to the Board's deliberations and the Director's ability to act in the best interests of ERA and all shareholders. Where contracts in the ordinary course of business exist between ERA and a company in which a Director has declared an interest, these are reviewed for materiality to both ERA and the other party to the contract.

In addition to the examples set out in the Principles, the following may be taken into account in considering such material business relationships:

- whether, within the last three years, the Director or a close family member has been a member of executive management of ERA, employed in a senior position with a member of the Rio Tinto Group or has received additional remuneration from the Company or a member of the Rio Tinto Group;
- whether the Director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the Company or in a member of the Rio Tinto Group;
- the Director's cross directorships of, or significant links with, or involvement in, other companies;
- the Director's length of service on the Board and whether this may have compromised independence; and
- whether, within the last three years, the Director or a close family member has had, either directly or indirectly and whether as principal, employee or consultant, a material business relationship with ERA or with a member of the Rio Tinto Group, whether as an auditor, professional adviser, supplier, or customer ("material" being more than five per cent of ERA's or the counterparty's consolidated gross revenue per annum).

Mr Mansell, Mr Charles and Mr Dowd are considered by the Board to be independent Directors.

For the reporting period, the Board of Directors did not consist of a majority of independent Directors. This does not follow Recommendation 2.4 of the Council's Principles. The Board considered it was appropriate that the composition of the Board recognised Rio Tinto's 68.4 per cent shareholding.

All Directors are required to, and do, bring an independent judgement to bear on Board decisions and act in accordance with their statutory duties of good faith and for a proper purpose, and in the interests of all shareholders.

All related party transactions, including those with Rio Tinto, have been determined by the independent Directors to be on arm's length terms and in the interests of ERA.

Chairman and Chief Executive

The Chairman, Mr Mansell, is an independent non-executive Director. Mr Mansell's other appointments are set out on page 30. The Board considers that none of his other commitments interfere with the discharge of his duties to ERA.

The Chief Executive is Mr Arnold, who is also a Director.

Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All Directors have direct access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Details of the Company Secretary's experience and qualifications are set out on page 33.

Board meetings

The Board held six scheduled meetings and one extraordinary meeting during 2017. In addition, there were 13 meetings held in 2017 of Committees established by the Board. The Board and Committee meeting attendance details for Directors in 2017 are set out on page 34.

Performance self assessment

The Board has a process for periodically evaluating its performance, as well as the performance of its committees and individual Directors. The evaluation and self-assessment generally takes the form of an internal process facilitated by the Chairman. After consulting each Director and the Company Secretary, the Chairman reports a summary of the findings to all Directors for discussion at the next Board meeting where relevant actions are agreed. Periodically the Board utilises the services of an external consultant to facilitate the process. The external process takes the form of a questionnaire completed by each of the Directors and the Company Secretary. Following collation by the consultant, the results, adequacy and appropriateness of the self-assessment process are compiled. A report outlining the results is circulated to all Directors and discussed at the following Board meeting where actions arising are agreed.

The last formal performance evaluation was carried out in 2014 and facilitated by an external consultant. A formal evaluation was not carried out in the period. The Chairman obtained informal feedback from the Directors on the performance of the Board and its committees in 2017, with a view to undertaking a formal evaluation in 2018.

CORPORATE GOVERNANCE STATEMENT

Independent professional advice

The Board has adopted a procedure for Directors wishing to seek independent professional advice, at the Company's expense, in the furtherance of their duties. 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, and any Director may do so by arrangement with the Company Secretary.

Remuneration

ERA's Constitution provides that the aggregate remuneration paid to non-executive Directors of ERA in any one year will not exceed $800,000 or such other amount as may be approved by shareholders from time to time. At the 2017 Annual General Meeting, the 2016 Remuneration Report was approved with 92.59 per cent of shares voted in favour (voting comprised 357,278,448 votes 'for' the resolution and 28,575,333 votes 'against' the resolution). North Limited and Peko-Wallsend Pty Ltd, which are both Rio Tinto entities, voted a combined total of 354,078,854 votes 'for' the resolution.

In 2012, the Board established a Remuneration Committee. Throughout 2017, the Remuneration Committee comprised three non-executive Directors, being Mr Mansell (Chair), Mr Dowd and Mr Charles, all of whom are independent. A majority of members constitutes a quorum for a meeting. The Chief Executive may be invited to attend Remuneration Committee meetings. Other executives may also be invited to discuss or report on particular agenda items.

The Remuneration Committee Charter sets out the role and objectives of the Remuneration Committee. A summary of the objectives of the Remuneration Committee and the policies and practices of the Company regarding the remuneration of non-executive Directors, the Chief Executive and senior executives is set out on pages 35 to 38 of the Remuneration Report. The complete Remuneration Committee Charter is available at the Corporate Governance section of ERA's website at *www.energyres.com.au*.

Details of how the performance evaluation process is undertaken by the Board in respect of the Chief Executive and senior executives are set out on pages 35 to 38 of the Remuneration Report.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board and throughout 2017 comprised three non-executive Directors, all of whom are independent. A majority of members constitutes a quorum. The present members of the Audit and Risk Committee are Mr Charles (Chair), Mr Mansell and Mr Dowd. The Company's Chief Financial Officer, Chief Executive and Legal Counsel & Company Secretary, the external auditor and the internal auditor are invited to attend all meetings.

The Audit and Risk Committee Charter sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee Charter is available at the Corporate Governance section of ERA's website.

The Committee provides a formal structure for reviewing ERA's financial statements, accounting policies, control systems, risk management practices and taxation issues and for liaison with the external and internal auditors. The Committee also reviews the adequacy of internal and external audit arrangements.

The Audit and Risk Committee advises the Board of any matters that might have a significant impact on the financial condition of ERA and has the authority to investigate any matters within its terms of reference, having full access to the information and resources of ERA to fulfil its function. Related party transactions are considered by the Audit and Risk Committee. The Audit and Risk Committee reviews compliance with the *Corporations Act 2001*, and the requirements of the ASX and other regulatory requirements.

The Audit and Risk Committee held four scheduled meetings during 2017. Attendance details of the 2017 meetings of the Audit and Risk Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 34 and 30 respectively.

Each year the external auditor submits a schedule of audit services and fee estimate to the Audit and Risk Committee for consideration and approval. PricewaterhouseCoopers has been ERA's external auditor for a number of years. Each year, the Audit and Risk Committee reviews the effectiveness of the external audit process and the independence of the auditor. Based on its 2017 review, the Audit and Risk Committee was satisfied with the external audit process and that the external auditor remained independent. Any work to be conducted by the external auditor other than the audit is approved by the Audit and Risk Committee.

Details of the fees paid to PricewaterhouseCoopers during 2017 are outlined on page 53.

CORPORATE GOVERNANCE STATEMENT

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is appointed by the Board and ordinarily comprises three non-executive Directors. A majority of members constitutes a quorum. Throughout 2017, the members of the Health, Safety and Environment Committee were Mr Dowd (Chair), Mr Charles and Ms Fisher. The Company's Chief Executive, General Manager Operations and Company Secretary are invited to attend all meetings.

The Health, Safety and Environment Committee Charter sets out the role and objectives of the Health, Safety and Environment Committee and is reviewed regularly. It is available at the Corporate Governance section of ERA's website.

The Committee provides a formal structure to further support governance and initiatives for improvement in health, safety and the environmental management of ERA operations.

The Health, Safety and Environment Committee held three scheduled meetings during 2017. Attendance details of the 2017 meetings of the Health, Safety and Environment Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 34 and 30 to 31 respectively.

Diversity

ERA acknowledges the benefits that flow from advancing Board and employee diversity, in particular gender and Indigenous diversity. These benefits include identification and rectification of gaps in the skills and experience of Directors and employees, enhanced employee retention, greater innovation and maximisation of available talent to achieve corporate goals and increased financial performance.

Diversity, in the context of the Company, primarily refers to groups which are underrepresented in its workforce. ERA has a particular focus on the representation of women and Indigenous people in its workforce. ERA's policy on diversity can be found on the Company's website at *www.energyres.com.au*. In accordance with the Company's diversity policy, ERA has set measurable objectives to achieve diversity.

The objectives and the Company's progress in achieving each objective are set out below:

OBJECTIVE	OUTCOME
Women to represent 20 per cent of the management (being manager level and above) and the Board by end of 2017.	As at 31 December 2017 female participation at manager, Executive Committee and Board level is 32 per cent. Women comprise 33 per cent of Directors. Total female participation is 18 per cent.
Target of 33 per cent Indigenous people and 25 per cent female participation in new apprenticeships by end of 2017.	Throughout 2017, ERA had 5 full time apprentices, 3 of whom are Indigenous (60 per cent) and 3 of whom are female (60 per cent). In addition, ERA had two school based apprentices and four Indigenous trainees.
Target Indigenous employment of 20 per cent by the end of 2017.	ERA ended 2017 with an Indigenous employment rate of 13 per cent.

As at 31 December 2017, the proportion of women employed by ERA was as follows:

Board of Directors	33%
Executive Committee and managers	32%
Company	18%

Code of business conduct

ERA has a Code of Business Conduct to be met by all employees and Directors. All employees are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Australia and in every other country in which the Company engages in business.

The Code of Business Conduct is reviewed to ensure it adequately addresses the issues facing the Company and is available for inspection on the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition to the Company's Code of Business Conduct, the Company's employees are required to comply with Rio Tinto's statement of business practice *The Way We Work*, available at Rio Tinto's website at *www.riotinto.com*.

The Company has a confidential whistleblower program known as Speak-Out 'Talk to Peggy'. Employees are encouraged to report any suspicion of unethical or illegal practices.

CORPORATE GOVERNANCE STATEMENT

Purchase and sale of Company securities

ERA has in place a formal policy that reinforces to all Directors, officers and employees the prohibitions against insider trading. The Share Trading Policy is available for inspection at the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition, the "Rules for dealing in securities of Rio Tinto" ("Rules for dealing") apply to the participation of ERA executives in the Rio Tinto long term incentive plans involving the awarding of Rio Tinto securities at a future date. Any such grants of shares and options under the Rio Tinto plans are subject to, and conditional upon, compliance with the terms of the Rules for dealing, including an express prohibition on hedging or limiting of exposure to economic risk in relation to such securities.

Under the ERA Share Trading Policy:

- Directors, senior executives and senior managers must advise the Chairman in writing, and receive approval in writing from the Chairman, if they intend to purchase or sell ERA securities. In regard to his own dealings, the Chairman is required to notify the Chair of the Audit and Risk Committee.
- No dealings in ERA securities may take place for the period from the end of any relevant financial period to the trading day following announcement of ERA's annual results or half year results.

Particulars of the interests held by Directors are outlined on page 34 of the Remuneration Report.

Risk identification and management

ERA has in place a range of policies and procedures to manage the risks associated with its operating activities. These policies and procedures have been adopted by the Board, with primary oversight by the Audit and Risk Committee, to ensure that potential business risks are identified and appropriate action taken.

The Company has an annual internal audit program that is determined by the Audit and Risk Committee. The annual internal audit program is executed by an outsourced provider which reports back to the Audit and Risk Committee on its assessment of the Company's control environment. In addition, the Company's compliance officer provides support for internal audit planning activities and the monitoring of actions implemented by the Company in response to findings raised by the internal auditor.

ERA benefits from the Rio Tinto Group's knowledge, policies and practices on risk management and corporate assurance, developed to manage Rio Tinto's diverse business activities covering a variety of commodities and operational locations. Together, these make up a comprehensive framework and approach to risk analysis and risk management.

The Board has in place a number of systems to identify and manage business risks. These include:

- the identification and review of all of the business risks known to be facing the Company;
- the provision of reports and information by management to the Board, on a periodic basis, confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks;
- guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- limits and controls for all financial exposures, including the use of derivatives;
- a regulatory compliance program; and
- safety, health and environmental policies which are supported by a set of standards and management systems which recognise the Company's commitment to achieving high standards of performance in all its activities in these areas.

The Audit and Risk Committee reviews ERA's risk management framework at least annually, and did so in 2017, to satisfy itself that it continues to be sound.

The Audit and Risk Committee and the Board has assessed the strategic risks to the Company's business and the mitigation strategies to be implemented by management. The strategic risks identified through this assessment were future operating cash flow and financial resources, stakeholder support of the Company's strategic initiatives, rehabilitation of the Ranger Project Area, internal constraints relating to the Company's licence to operate, external events relating to the Company's licence to operate and retention and recruitment of key personnel.

These strategic risks are in addition to risks inherent to the mining industry generally which include economic conditions (fluctuations in commodity pricing and exchange rates), international regulation of greenhouse gas emissions and impact of climatic conditions. More information on ERA's business risks, including any material exposure to economic, environmental and social sustainability risks, is set out on pages 10 and 11 of the Annual Report.

Each reporting period, the Chief Executive and the Chief Financial Officer give statements to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the Australian Accounting Standards and give a true and fair view of the Company's financial position and performance. The statements also provide that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT

In 2017, the Chief Executive and senior executives of the Company also made a declaration that they:

- understood the key requirements of each business integrity element of the Rio Tinto's *The Way We Work*; and
- had actively engaged with their direct reports to:
  - promote awareness of the business integrity values; and
  - ensure compliance with the Company's expectations around each value.

Public statements and disclosure matters

ERA makes full and immediate disclosures to its shareholders and the market as required by, and in accordance with, its legal and regulatory obligations. Established systems are in place to ensure compliance and matters that may have a material impact on the price or value of ERA's securities are reported to the market in accordance with the ASX Listing Rules and the *Corporations Act 2001*. ERA's Continuous Disclosure Policy is available at the Corporation Governance section of ERA's website at *www.energyres.com.au*.

Shareholder communication

ERA recognises the importance of effective communication with shareholders and the general investment community. Apart from ERA's compliance with its mandatory continuous disclosure obligations, ERA takes steps to ensure that its shareholders and other stakeholders are kept informed. Full advantage is taken of the Annual General Meeting to inform shareholders of current developments and to give shareholders the opportunity to ask questions. PricewaterhouseCoopers, ERA's external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. ERA shareholders are also able to submit written questions regarding the statutory audit report to the auditor via the Company. Any questions received and answers provided will be made available to members at the Annual General Meeting. Shareholders who are unable to attend meetings are encouraged to appoint a proxy to vote either as they direct or at their discretion.

ERA believes that investor seminars, presentations and briefings on financial and operational issues, including social and environmental performance, are valuable ways of communicating with relevant professionals, employees and other interested persons. The Chief Executive and Chief Financial Officer conduct regular meetings with the Company's major investors and analysts, and the Company organises investor briefings to coincide with the release of half year and full year financial results.

ERA gives equal access to information disclosed in investor seminars, presentations and briefings. If any such event is used to disclose new material, it will, in advance or simultaneously, be disclosed to the ASX and available on ERA's website.

ERA provides shareholders with the option to receive communications from, and send communications to, the Company and the share registrar electronically. The contact details are available on the Company's website.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 $'000	2016 $'000
Revenue from continuing operations	3	240,471	294,839
Changes in inventories		(22,193)	(44,763)
Materials and consumables used		(71,130)	(75,150)
Employee benefits and contractor expenses		(111,824)	(122,852)
Government and other royalties	4	(11,215)	(14,286)
Commission and shipping expenses		(4,890)	(5,526)
Depreciation and amortisation expenses	4	-	(37,853)
Non-cash impairment charge	13	-	(230,724)
Changes in estimate of rehabilitaton provision	17	(21,135)	-
Financing costs	4	(22,072)	(19,654)
Statutory and corporate expenses		(11,046)	(12,736)
Other expenses	4	(8,498)	(2,372)
Profit/(loss) before income tax		(43,532)	(271,077)
Income tax (expense)/benefit	5	-	-
Profit/(loss) for the year		(43,532)	(271,077)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(43,532)	(271,077)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(43,532)	(271,077)
Total comprehensive income for the year is attributable to:			
Owners of Energy Resources of Australia Ltd		(43,532)	(271,077)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	27	(8.4)	(52.4)
Diluted earnings per share (cents)	27	(8.4)	(52.4)

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

BALANCE SHEET

AS AT 31 DECEMBER 2017

	NOTES	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	395,477	395,598
Trade and other receivables	8	8,903	12,348
Inventories	9	115,926	127,274
Other	10	473	-
Total current assets		520,779	535,220
Non-current assets			
Inventories	11	-	9,791
Undeveloped properties	12	203,632	203,632
Property, plant and equipment	13	-	-
Investment in trust fund	14	72,901	70,789
Total non-current assets		276,533	284,212
Total assets		797,312	819,432
LIABILITIES			
Current liabilities			
Payables	15	36,777	34,357
Income received in advance		45,981	40,416
Provisions	16	80,930	58,572
Total current liabilities		163,688	133,345
Non-current liabilities			
Provisions	17	457,688	466,460
Deferred tax liabilities	18	21,049	21,068
Total non-current liabilities		478,737	487,528
Total liabilities		642,425	620,873
Net assets		154,887	198,559
EQUITY			
Contributed equity	19	706,485	706,485
Reserves	20	389,300	389,440
Accumulated losses	20	(940,898)	(897,366)
Total equity		154,887	198,559

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 January 2016		706,485	389,751	(626,289)	469,947
Profit/(loss) for the year		-	-	(271,077)	(271,077)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(271,077)	(271,077)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	-	(311)	-	(311)
		-	(311)	-	(311)
Balance at 31 December 2016		706,485	389,440	(897,366)	198,559
Profit/(loss) for the year		-	-	(43,532)	(43,532)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(43,532)	(43,532)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	-	(140)	-	(140)
		-	(140)	-	(140)
Balance at 31 December 2017		706,485	389,300	(940,898)	154,887

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers			
(inclusive of Goods and Services Tax)		259,070	317,514
Payments to suppliers and employees			
(inclusive of Goods and Services Tax)		(229,563)	(267,373)
		29,507	50,141
Payments for exploration and evaluation		-	-
Payments for rehabilitation		(27,025)	(20,454)
Interest received		7,281	6,240
Financing costs paid		(1,925)	(1,905)
Net cash (outflow)/inflow from operating activities	26	7,838	34,022
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,295)	(2,988)
Proceeds from sale of property, plant and equipment		169	93
Net cash (outflow)/inflow from investing activities		(7,126)	(2,895)
CASH FLOW FROM FINANCING ACTIVITIES			
Employee share option payments		(837)	(853)
Net cash (outflow)/inflow from financing activities		(837)	(853)
Net increase/(decrease) in cash and cash equivalents		(125)	30,274
Cash and cash equivalents at the beginning of the financial year		395,598	365,326
Effects of exchange rate changes on cash and cash equivalents		4	(2)
Cash and cash equivalents at end of year	7	395,477	395,598

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

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Energy Resources of Australia Ltd (ERA).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) Critical accounting estimates

The presentation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) Principles of consolidation

(i) Subsidiaries

ERA has no subsidiaries and is referred to in the financial report as the Company or ERA.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

Sales are brought to account when the products pass from the physical control of the Company pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Company.

In the case where a sale occurs and immediately after which (part of) the goods are borrowed back by the Company under a separate agreement, the revenue is deferred until repayment of the borrowed goods occurs.

Under the marketing agreement with Rio Tinto Uranium, payment for uranium oxide is connected to the date the material is shipped. Once cash is received, it is treated as unearned revenue until the sale occurs and ownership transfers.

(ii) Rendering of services

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

(iii) Other revenue/income

Other revenue/income recognised by the Company includes:

- interest income, which is recognised on a time proportion basis using the effective interest rate method;
- rental income, which is recognised on a straight line basis;
- net gains on disposal of assets, which is recognised at the date control of the asset passes to the acquirer;
- contract compensation, which is recognised upon cancellation of a sales contract;
- foreign exchange gains; and
- insurance recoveries, which is recognised on confirmation from the insurer that the claim payment has been approved.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

(e) Financing costs

Financing costs (including interest) are included in the statement of comprehensive income 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. The borrowing costs included in the cost of such developments are those costs that would have been avoided if the expenditure on the development had not been made.

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) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure, adjusted for risk, required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Rehabilitation

The Company is required to rehabilitate the Ranger Project Area upon cessation of mining operations. The costs are estimated on the basis of a closure model, taking into consideration the technical closure options available to meet the Company's obligations and applying a probability weighting to each option based on the likelihood of executing each option. When it is deemed only one option is available it is assigned a 100 per cent probability. The cost estimates are calculated annually during the life of the operation to reflect known developments, and are subject to regular reviews.

The amortisation or unwinding of the discount applied in establishing the net present value of provisions is charged to the statement of comprehensive income in each accounting period. The amortisation of the discount is shown as a financing cost. Other movements in the provision for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to lives of operations and revisions to discount rates are capitalised within fixed assets, unless the assets that they relate to are fully written down or impaired in which case the movement in the provision is allocated directly to the statement of comprehensive income. These costs are then depreciated on a unit of production basis over the life of the reserves.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the outstanding continuous rehabilitation work at each balance date. All costs of continuous rehabilitation work are charged to the provision as incurred.

Separately, the Company is required to maintain with the Commonwealth Government the Ranger Rehabilitation Trust Fund ("Trust Fund"), to provide security against the estimated costs of closing and rehabilitating the mine immediately (rather than upon the planned cessation of mining operations). Each year, the Company is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by the Company in the Trust Fund, is then determined. The Trust Fund includes both cash and financial guarantees. The cash portion is shown as an investment on the balance sheet (Note 14), and interest received by the Trust Fund is shown as interest income.

The Company is required to rehabilitate the Jabiluka Mineral Lease upon cessation of operations to a standard specified by the Authorisation to operate issued by the Northern Territory Government. The estimated cost of rehabilitation is currently secured by a bank guarantee and fully provided for in the financial statements.

(g) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates taxable income (Australia).

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Trade receivables are normally settled within 45 days and are carried at amounts due. The collectability of trade receivables is reviewed on an ongoing basis and specific provisions are made for any doubtful amounts. Receivables which are known to be uncollectible are written off.

Other receivables relate to transactions outside the usual operating activities of the Company and are predominantly concerned with rental receipts from employees and businesses located within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date but are assessed regularly and impaired accordingly.

(i) Inventories

Inventories, other than stores, are carried at the lower of cost and net realisable value. Net realisable value is determined based on estimated future sales prices, exchange rates and capital and production costs, including transport.

Inventory is valued using the weighted average cost method and includes both fixed and variable production costs as well as cash and non-cash charges.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, for example because it exceeds the mine's cut-off grade, it is valued at the lower of cost and net realisable value.

Stockpiled ore's net realisable value is calculated on a discounted cash flow basis. If the ore will not be processed within 12 months after the balance sheet date it is included within non-current assets.

Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays.

Stores are valued at the lower of cost or net realisable value and are impaired accordingly to take into account obsolescence.

For inventory management purposes the Company may enter into uranium loans as a lending or receiving party. These loans are entered into for logistical purposes and loans received are repaid from the Company's inventory. The uranium loans do not meet the definition of a financial liability and are recorded net of inventory.

(j) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction.

The value in use is determined using the present value of the future cashflow expected to be derived from an asset or cash generating unit.

(k) Property, plant and equipment

(i) Acquisition

Items of property, plant and equipment are recorded at historical cost and, except for land, are depreciated as outlined below. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

(ii) Depreciation and amortisation

Depreciation of plant and equipment is provided for as follows:

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

(b) 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 over the life of reserves;
- plant and equipment* – units of production over the life of reserves.

NOTES TO THE FINANCIAL STATEMENTS

* 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. See below for the estimated useful lives.

- Office equipment: computers - three years
- Office equipment: general - five years
- Plant and equipment - five years
- Furniture and fittings - ten years
- Motor vehicles - five years
- Tailings Storage Facility - three years
- Brine Concentrator - seven years

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.

All ERA's property, plant and equipment is currently fully impaired.

(iii) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (Note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(iv) Mine properties

Mine properties, consisting principally of Ranger Project Area mining rights, are amortised on a unit of production basis over the life of the economically recoverable reserves of Ranger.

(v) Deferred stripping costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units of production basis.

Stripping costs incurred during the production stage of mining operations are deferred where they are separately identifiable and do not form part of normal mining activities. These costs are deferred and amortised over the period in which the associated ore is produced.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- construction of underground tunnels, where necessary for exploration drilling;
- examining and testing extraction and treatment methods; and
- compiling prefeasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Capitalisation of exploration expenditure commences when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Company. Capitalised exploration expenditure is reviewed for impairment indicators at each balance sheet date.

Subsequent recovery of the resulting carrying value depends on successful development of the area of interest or sale of the project. If a project does not prove viable, all unrecoverable costs associated with the project and the related impairment provisions are written off. Any impairment provisions raised in previous years are reassessed if there is a change in circumstances which indicates that they may no longer be required, for example if it is decided to proceed with development. If the project proceeds to development, the amounts included within intangible assets are transferred to property, plant and equipment.

(i) Undeveloped properties

Undeveloped properties are mineral concessions where the intention is to develop and go into production in due course. The carrying values of these assets are reviewed annually by management and the results of these reviews are reported to the Board and Audit and Risk Committee. Impairment is assessed using the fair value less cost of disposal method.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial year, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days. These are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as hedges against highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective.

The effective portion of changes in the fair value is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a forecast transaction is no longer expected to occur the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Derivative financial instruments are not held for speculative purposes.

(q) Employee entitlements

(i) Wages and salaries, annual leave and sick leave

The liability for employee entitlements to wages and salaries represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. A provision exists for annual leave and accumulating sick leave as it is earned by employees and is measured at the amount expected to be paid when it is settled and includes all related on costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision of employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using the rates attaching to Commonwealth Government securities at the reporting date, which most closely match the terms of maturity of the related liabilities.

(iii) Superannuation plan

Employees of the Company are entitled to benefits on retirement, disability or death from their membership of the Rio Tinto Staff Superannuation Fund ("The Fund"). The Fund has both a defined benefit and a defined contribution section. Contributions to the defined contribution superannuation plans are expensed in the income statement when incurred.

The Company has no staff who are members of the defined benefits section.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(r) Segment reporting

Management has determined the operating segments based on the reports reviewed by the Chief Executive, used to make strategic decisions. The Chief Executive considers the business from a product perspective.

(s) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and deposits held at call, net of any bank overdrafts.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been 'rounded off' in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) Share based payments

The fair value of cash settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between accounting dates are recognised as an expense. The grant date fair value of the awards is taken to be the market value of the shares at the date of award reduced by a factor for anticipated relative Total Shareholder Return (TSR) performance. Fair values are subsequently re-measured at each accounting date to reflect the number of awards expected to vest based on the current and anticipated TSR performance. If any awards are ultimately settled in shares, the liability is transferred direct to equity as the consideration for the equity instruments issued.

Equity settled share plans are settled either by the issue of shares by the relevant parent Company, by the purchase of shares on market or by the use of shares previously acquired as part of a share buyback. The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to other reserves.

If the cost of shares acquired to satisfy the plans exceeds the expense charged, the excess is taken to the appropriate reserve. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award (e.g. TSR). The Company uses fair values provided by independent actuaries calculated using a lattice based option valuation model. Non-market based vesting conditions (e.g. earnings per share targets) are taken into account in estimating the number of awards likely to vest.

The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

Further information about the treatment of individual share based payment plans is provided in Note 30.

(x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is in place from 1 January 2018. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. There will be no material impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and at this time the Company does not have any such liabilities.

(ii) AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and financing leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception are short-term and low-value leases. The Company is currently determining to what extent these commitments will result in the recognition of an asset and a liability for future payments and how it will affect the Company's profit or loss and classification of cashflows. The standard is mandatory for financial years commencing on or after 1 January 2019.

(iii) AASB 15 Revenue from Contracts with Customers

AASB 15 'Revenue from contracts with customers' establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is in place from 1 January 2018. The Company has not identified any material impact on the Company's accounting.

There are no other standards that are not yet effective and that are expected to have an impact on the entity in the current or future reporting periods and in forecast transactions.

2 Critical accounting estimates and judgements

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

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

(a) Rehabilitation provision

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

The costs are estimated on the basis of a closure model, taking into account consideration of the technical closure options available to meet ERA's obligations. The provision for rehabilitation represents the net present cost at 31 December 2017 of the rehabilitation plan within the requirements of the Ranger Authority. The Ranger Authority requires ERA to cease mining and processing activities by January 2021 and complete rehabilitation of the Ranger Project Area by January 2026.

The closure model is based on a prefeasibility study that was conducted in 2011 and has been reviewed and updated annually since. Material packages of work have had studies progressed and work subsequently executed as required. Key packages of work completed since 2012 include preliminary Pit 3 backfill, Pit 1 capping and design, construction and commissioning of tailings dredging system. Completion of these activities was conducted in line with the prefeasibility study cost estimate.

ERA commenced a feasibility study of rehabilitation in late 2017. The feasibility study will increase the level of certainty regarding forecast rehabilitation expenditure.

Major activities to complete the rehabilitation plan include: material movements, water treatment, tailings transfer, demolition and revegetation. Major cost sensitivities include: material movements and water treatment costs. Material movement costs are sensitive to the forecast volume of material to be moved and the estimated cost that it can be moved for. Water treatment costs are sensitive to the volume of process water to be treated which is impacted by rain fall, water inflows, and the performance of water treatment infrastructure. The current cost estimate may require material adjustment should the assumptions used change or not be realised.

For accounting purposes water treatment costs at Ranger are required to be allocated between the rehabilitation provision and operating expenditure. Costs are allocated to operating expenditure where water treatment supports production of uranium oxide at Ranger. Material changes to the uranium oxide production plan may impact the allocation of costs between the rehabilitation provision and operating expenditure in future reporting periods.

The ultimate cost of rehabilitation can vary in response to many factors including legal requirements, technological change and market conditions as well as the sensitivities referred to above. It is reasonably possible that outcomes within the next financial year that are different from the current cost estimate could require material adjustment (increase or decrease) to the rehabilitation provision for the Ranger Project Area.

In estimating the rehabilitation provision a risk free discount rate is applied to the underlying cash flows. At 31 December 2017, the real discount rate was 2.00 per cent.

The overall change to the rehabilitation provision in 2017 includes an increase in the underlying cost estimate of $21.1 million. The change in estimate is based on an updated evaluation of key assumptions and incorporates learnings from work conducted to date. The overall rehabilitation strategy remains unchanged. This adjustment has been recorded in the Statement of Comprehensive Income.

(b) Taxation

ERA recognises certain deferred tax assets for temporary differences. ERA has approximately $180 million tax losses (at 30 per cent) that are not recognised as deferred tax assets due to uncertainty regarding ERA's ability to generate adequate levels of future taxable profits, this treatment is reviewed periodically. Should future taxable profits eventuate, this treatment will not impact ERA's ability to utilise available tax losses in the future.

Judgement is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgements and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet. Further details on deferred tax assets are included in Note 18.

(c) Determination of ore reserves and resources

ERA estimates the Ore Reserves and Mineral Resources based on information compiled by a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code). There are numerous uncertainties inherent in estimating Ore Reserves and Mineral Resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

NOTES TO THE FINANCIAL STATEMENTS

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Ore Reserves and may, ultimately, result in the Ore Reserves being restated. Such changes in Ore Reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation. ERA's Ore Reserves and Mineral Resources Statement as at 31 December 2017 is on pages 13 and 14.

(d) Asset carrying value

ERA has two cash generating units (CGUs), the Ranger Project Area and the Jabiluka Mineral Lease. The Ranger CGU includes all assets and liabilities related to activities on the Ranger Project Area, including the rehabilitation provision and the associated asset capitalised within property, plant and equipment. The Jabiluka Undeveloped Property relates to the Jabiluka Mineral Lease which is currently subject to a Long Term Care and Maintenance Agreement.

At 31 December 2017, the property, plant and equipment in the Ranger CGU continues to be fully impaired. When capital expenditure is incurred it is immediately expensed to the Statement of Comprehensive Income. In the year ended 31 December 2017, $7.3 million in capital expenditure was expensed.

At the end of each reporting period, ERA assesses whether there are any indications that the CGUs may be impaired or whether circumstances have changed to indicate reversal of prior impairments. This requires judgment in analysing possible impacts caused by factors such as the price of uranium oxide, foreign exchange movements, operating and capital estimates, project progression, Traditional Owner relationships and weather impacts on process water inventories.

ERA assesses the recoverable amount using a fair value less costs of disposal (FVLCD) method. ERA conducts impairment testing using a probability-weighted discounted cash flow model.

(e) Undeveloped properties

Undeveloped properties are considered as assets not yet ready for use. In reporting periods where impairment testing is required, the recoverable amount of the undeveloped properties is determined using the fair value less costs of disposal method. Undeveloped properties consist of the Jabiluka mineral lease. The carrying value of the Jabiluka Undeveloped Property, net of deferred tax liability is $181 million.

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

The valuation of the Jabiluka Mineral lease requires a high degree of judgment. To determine the fair value ERA used a probability weighted discounted cash flow model. Results are checked against market valuation of other undeveloped mining projects in the uranium industry and the broader mining sector, including market valuations of mining assets subject to long-term approval constraints. This approach has been reviewed by an external valuation expert.

Key assumptions to which the Jabiluka model is sensitive include: the probability of future development, uranium oxide prices, foreign exchange rates, production and capital costs, discount rate, ore reserves and mineral resources and lease tenure renewal.

Estimates and judgements associated with the Jabiluka Undeveloped Property are disclosed in Note 12.

(f) Inventory net realisable value

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

Inventories are carried at the lower of cost or net realisable value in accordance with AASB 102.

Total net realisable value adjustments recorded periodically through the year was $7.1 million (pre-tax) (2016: $24.8 million). The net realisable value adjustment has been included in 'Changes in inventories' in the statement of comprehensive income.

At 31 December 2017, due to no depreciation in the 2017, finished goods inventory was below its net realisable value and so remains recorded at cost (2016 year end NRV adjustment: nil).

NOTES TO THE FINANCIAL STATEMENTS

3 Revenue

	2017 $'000	2016 $'000
REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	211,150	267,757
Rendering of services	31	8
Total sales revenue	211,181	267,765
Other revenue		
Interest received/receivable, other parties	9,393	8,704
Rent received	866	789
Contract compensation	3,212	17,338
Insurance recoveries	15,224	166
Net gain on sale of property, plant and equipment	169	77
Net exchange gain	426	-
Total other revenue	29,290	27,074
Total revenue from continuing operations	240,471	294,839

NOTES TO THE FINANCIAL STATEMENTS

4 Expenses

	NOTES	2017 $'000	2016 $'000
LOSS BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:			
Cost of sales			
Produced product (uranium oxide)		186,680	236,413
Total cost of sales		186,680	236,413
Depreciation			
Mine land and buildings		-	810
Plant and equipment		-	32,070
Total depreciation		-	32,880
Amortisation			
Mine properties		-	1,431
Rehabilitation asset		-	3,542
Total amortisation		-	4,973
Total depreciation and amortisation expenses		-	37,853
Government and other royalties			
Royalty payments	22	2,549	3,247
Payments to Indigenous interests	22	8,666	11,039
Total Government and other royalties		11,215	14,286
Financing costs			
Other parties		1,924	1,904
Unwinding of discount (rehabilitation provision)		20,148	17,750
Total Financing Costs		22,072	19,654
Other Expenses			
Property, plant and equipment expensed		7,295	-
Office and other expenses		1,203	2,372
Total Other Expenses		8,498	2,372
Other individually significant expenses			
Net foreign exchange loss/(gain)		355	429
Rental expense relating to operating leases		4,539	4,948
Total exploration and evaluation expenditure		-	-
Defined contribution superannuation expense		4,235	4,471

5 Income tax expense/(benefit)

	2017 $'000	2016 $'000
INCOME TAX EXPENSE/(BENEFIT)		
Current tax	-	-
Deferred tax	-	-
Under/(over) provided in prior years	-	-
Income tax expense/(benefit)	-	-
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (Note 18B)	10,724	104
(Decrease)/increase in deferred tax liabilities (Note 18A)	(10,724)	(104)
Deferred tax	-	-
RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Operating loss before income tax	(43,532)	(271,077)
Tax at the Australian tax rate of 30% (2016: 30%)	(13,060)	(81,323)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Derecognition of deferred tax assets	17,028	76,436
Amortisation	-	8,080
Rehabilitation expenditure	(4,167)	(3,228)
Other items	199	35
Income tax expense/(benefit)	-	-
AMOUNTS RECOGNISED DIRECTLY IN EQUITY		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity		
Net deferred tax asset (Note 18B)	(19)	(23)

NOTES TO THE FINANCIAL STATEMENTS

6 Dividends

Dividends paid or declared

No dividends have been paid or declared for the year ended 31 December 2017 (2016: nil).

Dividends franking account

	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2016: 30%)	234,095	234,095

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax as applicable.

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

7 Cash and cash equivalents

	2017 $'000	2016 $'000
CURRENT		
Cash at bank and in hand	3,680	3,572
Deposits at call	391,797	392,026
Cash and cash equivalents	395,477	395,598

Cash at bank/Deposits at call

Cash assets and deposits bear floating interest rates between 0 per cent and 2.48 per cent (2016: 0.0 per cent and 2.6 per cent).

Interest rate risk exposure

The Company's exposure to interest rate risk is discussed in Note 28.

8 Trade and other receivables

	2017 $'000	2016 $'000
CURRENT		
Trade debtors	6,603	9,941
Other debtors	2,300	2,407
Trade and other receivables	8,903	12,348

Impairment of receivables

No trade receivables are past due. There is no impairment of trade receivables.

Other debtors relate to transactions outside the usual operating activities of the Company and are predominately concerned with receipts from employees and businesses operating within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date.

NOTES TO THE FINANCIAL STATEMENTS

Foreign exchange and interest rate risk

The Company operates internationally but is primarily exposed to foreign exchange risk arising from currency exposures with respect to the US dollar.

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in Note 28.

Fair value and credit risk

Due to the short-term nature of trade and other receivables, their carrying amount approximates their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Company does not hold any collateral as security. Refer to Note 28 for more information on the financial risk management policy of the Company.

9 Inventories – current

	2017 $'000	2016 $'000
Stores and spares	17,182	16,128
Ore stockpiles at cost	8,863	37,340
Work in progress at cost	3,737	2,424
Finished product U_3O_8 at cost	86,144	71,382
Total current Inventory	115,926	127,274

Inventory expense

Obsolescence of inventory provided for and recognised as an expense during the year ended 31 December 2017 amounted to nil (2016: $840,635).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 31 December 2017 amounted to $7,102,511(2016: $24,780,087). The expense has been included in 'Changes in inventories' in the statement of comprehensive income.

10 Other assets

	2017 $'000	2016 $'000
Prepayments	473	-

11 Inventories – non-current

	2017 $'000	2016 $'000
Ore stockpiles at cost	-	9,791

NOTES TO THE FINANCIAL STATEMENTS

12 Undeveloped properties

	2017 $'000	2016 $'000
Jabiluka: Long-term care and maintenance development project		
Balance brought forward	203,632	203,632
Amount capitalised during the year	-	-
Total undeveloped properties	203,632	203,632

Undeveloped properties are considered an asset not yet ready for use. In reporting periods where impairment testing is required, the the recoverable amount of the undeveloped properties is determined using the fair value less cost of disposal method.

Fair value less cost of disposal has been determined using a discounted cash flow model. Key assumptions to which the model is most sensitive include:
- uranium prices;
- foreign exchange rates;
- production and capital costs;
- discount rate;
- Ore Reserves and Mineral Resources; and
- probability of future development.

In determining the value assigned to each key assumption, the Company has used external sources of information and has utilised the expertise of external consultants to validate entity-specific assumptions such as costs, production techniques and Mineral Resources.

Further, the Company's cash flow forecasts are based on estimates of future uranium prices, which assume market prices will revert to the Company's assessment of the long term average price, generally over a period of three to five years.

The recoverable amount is dependent on the development and life of the ore body together with the term and continuity of the mining lease. It reflects expected future cashflows contained in the long term asset plan with an adjustment of cashflows expected to take into account project development risk. The Company has projected cashflows for the period of the current mining lease, together with a ten year renewal period.

The Jabiluka Mineral Lease is currently under long-term care and maintenance. The Company has agreed that future mining development will not occur without the consent of the Mirarr Traditional Owners. It is uncertain that this consent will be forthcoming and, by extension, that the Jabiluka deposit will be developed. Should this consent not eventuate in the future, the Jabiluka Undeveloped Property would face full impairment.

The discount rate applied to the future cash flow forecasts represents an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

13 Property, plant and equipment

	MINE LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MINE PROPERTIES $'000	REHABILITATION $'000	TOTAL $'000
YEAR ENDED 31 DECEMBER 2017					
Opening net book amount	-	-	-	-	-
Additions	-	7,295	-	-	7,295
Disposals	-	-	-	-	-
Change in estimate	-	-	-	-	-
Depreciation/amortisation charge/ writeoffs	-	(7,295)	-	-	(7,295)
Impairment Loss	-	-	-	-	-
Closing net book amount	**-**	**-**	**-**	**-**	**-**
Cost	110,845	1,171,390	421,700	342,327	2,046,262
Accumulated depreciation/ amortisation/impairment/writeoffs	(110,845)	(1,171,390)	(421,700)	(342,327)	(2,046,262)
Net book amount	-	-	-	-	-
YEAR ENDED 31 DECEMBER 2016					
Opening net book amount	4,196	226,203	8,269	21,322	259,990
Additions	-	2,988	-	-	2,988
Disposals	-	(15)	-	-	(15)
Change in estimate	-	-	-	5,614	5,614
Depreciation/amortisation charge	(810)	(32,070)	(1,431)	(3,542)	(37,853)
Impairment Loss	(3,386)	(197,106)	(6,838)	(23,394)	(230,724)
Closing net book amount	**-**	**-**	**-**	**-**	**-**
Cost	110,845	1,164,095	421,700	342,327	2,038,967
Accumulated depreciation/ amortisation/impairment	(110,845)	(1,164,095)	(421,700)	(342,327)	(2,038,967)
Net book amount	-	-	-	-	-

Assets under construction

The cost of the assets disclosed above include the following expenditure disclosed in property, plant and equipment which is in the course of construction:

	2017 $'000	2016 $'000
Plant and equipment	5,710	1,333

NOTES TO THE FINANCIAL STATEMENTS

14 Investment in trust fund

	2017 $'000	2016 $'000
NON-CURRENT		
Trust Fund	72,901	70,789

Trust Fund

The Ranger Rehabilitation Trust Fund holds a restricted fixed term investment in the form of bank bills which mature and are reinvested periodically. The Trust Fund is held at cost with accrued interest and is classified as a non-current receivable. The applicable weighted average interest rate for the year ended 31 December 2017 was 2.40 per cent (2016: 2.75 per cent).

15 Payables

	2017 $'000	2016 $'000
CURRENT		
Trade payables	35,033	32,990
Amounts due to related parties	1,060	645
Other payables	684	722
Total payables	36,777	34,357

16 Provisions – current

	2017 $'000	2016 $'000
CURRENT		
Employee benefits	9,290	9,861
Rehabilitation	71,640	48,711
Total current provisions	80,930	58,572

Movements in rehabilitation provision

Movements in the rehabilitation provision during the financial year are set out below:

	REHABILITATION $'000
2017	
Carrying amount at the start of the year	48,711
Payments	(27,025)
Transfer from non-current provision	49,954
Carrying amount at the end of the year	71,640

NOTES TO THE FINANCIAL STATEMENTS

	REHABILITATION $'000
2016	
Carrying amount at the start of the year	30,946
Payments	(20,454)
Transfer from non-current provision	38,219
Carrying amount at the end of the year	48,711

17 Provisions – non-current

	2017 $'000	2016 $'000
NON-CURRENT		
Employee benefits	3,639	3,740
Rehabilitation	454,049	462,720
Carrying amount at the end of the year	457,688	466,460

Movements in rehabilitation provision

As a result of the Ranger Cash Generating Unit being fully impaired in 2016, the 2017 changes in rehabilitation estimates have been allocated directly to the Statement of Comprehensive Income. Movements in the rehabilitation provision during the financial year are set out below:

	REHABILITATION $'000
2017	
Carrying amount at the start of the year	462,720
Change in estimate	21,135
Unwinding of discount	20,148
Transfer to current provision	(49,954)
Carrying amount at the end of the year	454,049

	REHABILITATION $'000
2016	
Carrying amount at the start of the year	477,575
Change in estimate	5,614
Unwinding of discount	17,750
Transfer to current provision	(38,219)
Carrying amount at the end of the year	462,720

NOTES TO THE FINANCIAL STATEMENTS

18 Deferred tax liability

	2017 $'000	2016 $'000
(A) DEFERRED TAX LIABILITY		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Investment in trust fund	21,870	21,236
Undeveloped properties	23,405	23,405
Inventories	4,137	14,799
Receivables	636	1,332
Total deferred tax liabilities	50,048	60,772
Off-set of deferred tax asset pursuant to set-off provisions (Note 18B)	(28,999)	(39,704)
Net deferred tax liabilities	21,049	21,068
Movements		
Opening balance at 1 January	60,772	60,876
(Credited)/debited to the income statement (Note 5)	(10,724)	(104)
Closing balance at 31 December	50,048	60,772

	2017 $'000	2016 $'000
(B) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Property, plant and equipment	24,339	34,791
Employee provisions	3,879	4,080
Other	781	833
Total deferred tax assets	28,999	39,704
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 18A)	(28,999)	(39,704)
Net deferred tax assets	-	-
Movements		
Opening balance at 1 January	39,704	39,785
Credited to the income statement (Note 5)	(10,724)	(104)
Credited to equity (Note 5)	19	23
Closing balance at 31 December	28,999	39,704

NOTES TO THE FINANCIAL STATEMENTS

19 Share capital

	2017 SHARES	2016 SHARES	2017 $'000	2016 $'000
SHARE CAPITAL				
A Class shares fully paid	517,525,062	517,725,062	706,485	706,485
Total contributed equity			706,485	706,485

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a shareholders' meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

Details of the Company's exposure to risks when managing capital are set out in Note 28.

20 Reserves and retained profits

	2017 $'000	2016 $'000
RESERVES		
Share-based payments reserve	(200)	(60)
Capital reconstruction	389,500	389,500
Total Reserves	389,300	389,440
Movements		
Share-based payments reserve		
Balance 1 January	(60)	251
Option expense	(140)	(311)
Balance 31 December	(200)	(60)
Capital reconstruction		
Balance 1 January	389,500	389,500
Movements	-	-
Balance 31 December	389,500	389,500
ACCUMULATED LOSSES		
Movements in retained profits were as follows:		
Opening retained earnings – 1 January	(897,366)	(626,289)
Net loss for the year	(43,532)	(271,077)
Dividends paid	-	-
Closing retained earnings/(accumulated losses) – 31 December	(940,898)	(897,366)

Nature and purpose of reserves

The share based payments reserve is used to recognise the fair value of equity instruments issued to employees but not exercised.

Capital reconstruction reserve

In June 1995, the Company reduced its share capital by cancelling $0.95 of the capital paid up on each issued share and reducing the par value of each issued share from $1.00 to $0.05. The cancelled capital (comprising $389,500,000 in total) was credited to a Capital Reconstruction Reserve. The Company has the ability to distribute capital to shareholders from this reserve.

NOTES TO THE FINANCIAL STATEMENTS

21 Contingencies

Contingent liabilities

Legal actions against the Company:

The remaining argument in the action listed in the Federal Court against the former Commonwealth Minister for Resources and the Company claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative is dormant. Should the Company 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 the contingent liability disclosed above.

22 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date is as follows:

	2017 $'000	2016 $'000
Within one year	2,943	3,861

Lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	2017 $'000	2016 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable		
Within one year	1,644	2,120
Later than one year but not later than five years	3,473	5,463
Total operating leases	5,117	7,583

The Company leases property, plant and equipment under operating leases expiring between one and four years. Some leases provide the Company with a right of renewal at which time all terms are renegotiated.

Mineral tenement leases

Future mineral tenement lease payments not provided for in the financial statements and payable:

	2017 $'000	2016 $'000
Within one year	146	146
Later than one year but not later than five years	583	583
Later than five years	243	389
Total mineral tenement leases	972	1,118

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay an amount of $145,730 in the year ending 31 December 2018 in respect of tenement lease rentals.

NOTES TO THE FINANCIAL STATEMENTS

The Company is liable to make payments to the Commonwealth as listed below:

(i) An annual amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement for rent for the duration of the agreement. This amounted to $999,913 for 2017 and is indexed for future years.

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginal Benefits Reserve pursuant to a determination under Section 63(5) (b) of the *Aboriginal Land Rights (Northern Territory) Act 1976*. The Company is required to pay 2.5 per cent of Ranger net sales revenue to the Commonwealth and 1.75 per cent of Ranger net sales revenue to the Northern Land Council or an entity representing the Mirarr Traditional Owners as directed by the Northern Land Council (amounts paid during 2017: $8,665,997; 2016: $11,039,080).

(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 per cent of Ranger net sales revenue (amounts paid during 2017:$2,548,996; 2016:$3,246,788).

The Company is liable to make payments to the Northern Land Council pursuant to the Section 43 Agreement between Pancontinental Mining Limited and Getty Oil Development Company Limited and the Northern Land Council dated 21 July 1982, which was assigned to the Company with the consent of the Northern Land Council, as listed below:

(i) Up front payment of $3,400,000 on the commencement of production at Jabiluka.

(ii) Annual royalty payments calculated at 4.5 per cent of net sales revenue less $500,000 less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the Jabiluka Mineral Lease for the first 10 years and thereafter at 5 per cent of net sales revenue less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the mineral lease (refer commitment below).

The Company is liable to make payments to the Commonwealth in respect of the Jabiluka project pursuant to the conditions attached to the mineral lease. The amount payable was, until 30 June 1990, calculated at the rate of 5.25 per cent of net sales revenue from the Jabiluka project. The Jabiluka project is now under long term care and maintenance and will not be developed without the consent of the Mirarr Traditional Owners.

23 Auditor's remuneration

During the year the auditor of the Company earned the following remuneration:

	2017 $'000	2016 $'000
AUDIT SERVICES		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	245	407
Audit and review of financial reports (additional prior year fees)	86	28
Audit related services	-	53
Total remuneration of PricewaterhouseCoopers Australia	331	488

24 Related parties

Directors

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

Peter Mansell, Shane Charles, Paul Dowd, Andrea Sutton (resigned 2 August 2017), Paul Arnold (appointed 2 August 2017), Zara Fisher, Simon Trott (resigned 28 November 2017) and Sinead Kaufman (appointed 29 November 2017).

Information relating to Directors' compensation, shareholdings and retirement benefits is set out in the Remuneration Report in the Directors' Report.

Key management personnel

Key management personnel and Directors' compensation

	2017 $'000	2016 $'000
Short-term employee benefits	2,739	2,911
Post-employment benefits	191	246
Share-based payments	348	520
	3,278	3,677

In compliance with *Corporations Regulations 2001* 2M.3.03 the Company has provided detailed remuneration disclosures in the Director's report. The relevant information can be found in the Remuneration Report on pages 35 to 51.

Loans with Directors and key management personnel

There were no loans with Directors or key management personnel during 2017 (2016: Nil).

Transactions with Directors and Director-related entities

There were no transactions with Directors or Director-related entities other than Rio Tinto Limited during 2017 (2016: nil). Details of transactions with Rio Tinto Group Companies are outlined below.

Ultimate parent entity

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

Interest income

Interest income is received from Rio Tinto Finance Ltd which holds cash on behalf of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Transactions with related parties

The following transactions occurred with related parties:

	2017 $'000	2016 $'000
Management services fees paid to ultimate parent entity:		
Rio Tinto Group Companies	(91)	(90)
Consulting fees paid to:		
Rio Tinto Group Companies	(2,031)	(2,164)
Other reimbursements paid for commercial services received:		
Rio Tinto Group Companies	(13,703)	(16,712)
Amounts received from related parties:		
Rio Tinto Group Companies – sales	212,502	269,368
Rio Tinto Group Companies – interest	1,634	2,674
Dividends paid to:		
Related parties – North Ltd	-	-
Related parties – Peko-Wallsend Pty Ltd	-	-

Amounts received from related parties include sales of uranium oxide at market price. The Company is party to a marketing agreement with Rio Tinto Uranium on the basis that it represented a superior value to the Company then alternative marketing agreements considered. Under the revised marketing agreement, uranium oxide produced by the Company is sold to Rio Tinto Uranium a related party of Rio Tinto plc.

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Aggregate amounts received from and payable to each class of other related parties at balance date were as follows:	2017 $'000	2016 $'000
Current assets - cash assets		
Related parties - Rio Tinto Finance Ltd	56,898	213,887
Current assets - receivables		
Related parties - Rio Tinto Group Companies	4,035	8,284
Current liabilities - creditors		
Related parties - Rio Tinto Group Companies	1,060	645
Current liabilities - income received in advance		
Related parties - Rio Tinto Group Companies	45,981	40,416

All related party transactions were conducted on arm's length terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

25 Segment information

Description of segments

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

The Chief Executive considers the business from a product prospective and has identified only one reportable segment in the year ended 31 December 2017, being the mining, processing and selling of uranium. There are no other unallocated operations.

Primary reporting – business segments

The segment information provided to the Chief Executive for the reportable segment is as follows:

	URANIUM	
	2017 $'000	2016 $'000
Revenue from external customers	211,181	267,765
Other revenue	29,290	27,074
Total segment revenue	240,471	294,839
Segment result	(43,532)	(271,077)
Profit/(loss) for the year	(43,532)	(271,077)
Segment assets	797,312	819,432
Total assets	797,312	819,432
Segment liabilities	642,425	620,873
Total liabilities	642,425	620,873
Acquisitions of non-current assets	7,295	2,988
Depreciation and amortisation expense	-	37,853
Non-cash Impairment charge	-	230,724
Net (gain)/loss on sale of property, plant and equipment	(169)	(77)

NOTES TO THE FINANCIAL STATEMENTS

Other segment information

Segment revenue

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

Revenues from external customers are derived from the sale of uranium. A breakdown of revenue and results is provided in the tables below. Segment revenue reconciles to total revenue from continuing operations as disclosed in Note 3.

The Company is domiciled in Australia. The result of its revenue from external customers in other countries is outlined in the table below:

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS	
	2017 $'000	**2016 $'000**
Asia	211,150	267,757
Total revenue	211,150	267,757

Segment revenues are allocated based on the country in which the customer is located. During 2014 the Company entered into a marketing agreement with Rio Tinto Uranium based in Asia. Details are disclosed in Note 24.

Segment assets

The amounts provided to the Chief Executive with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other assets, net of provisions.

All assets of the Company as at 31 December 2017 are in Australia with the exception of inventories in transit or at converters of $80,219,681 (2016: $42,373,356). All acquisitions of property, plant and equipment and other non-current assets occurred in Australia.

Segment liabilities

The amounts provided to the Chief Executive with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. The Company does not have any borrowings or derivative financial instruments as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

26 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	2017 $'000	2016 $'000
Loss for the year	(43,532)	(271,077)
Add/(less) items classified as investing/financing activities:		
Net (gain)/loss on sale or write-off of non-current assets	7,126	(77)
Add/(less) non-cash items:		
Depreciation and amortisation	-	37,853
Non cash impairment charge	-	230,724
Rehabilitation provision: unwinding of discount	20,148	17,750
Employee benefits: share based payments	697	542
Net exchange differences	(4)	2
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	9,010	9,578
(Increase)/decrease in inventories	21,139	45,558
(Increase)/decrease in other assets	(473)	480
(Increase)/decrease in investment in trust fund	(2,112)	(2,465)
(Decrease)/increase in payables	2,420	(15,782)
(Increase)/decrease in net deferred tax assets	(19)	(23)
(Decrease)/increase in provisions	(6,562)	(19,041)
Net cash inflow/(outflow) provided from operating activities	7,838	34,022

27 Earnings per share

	2017 CENTS	2016 CENTS
Basic earnings per share	(8.4)	(52.4)
Diluted earnings per share	(8.4)	(52.4)

Earnings used in the calculation of basic and diluted earnings per share: 2017: ($43,532,097) (2016: ($271,076,984)).
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share: 2017:517,725,062 shares (2016: 517,725,062).

Options

Options granted to employees under the share-based payment plans are for options in Rio Tinto plc and Rio Tinto Limited. Therefore, the options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in Note 30.

28 Financial risk management

The Company carries out risk management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and other risks, use of derivative and non-derivative financial instruments.

The Company's business is mining and not trading. Accordingly, the Company only contracts to sell uranium that it plans to produce, however purchasing uranium for resale may be required in circumstances where actual production falls short of contractual sales volumes. The Company operates entirely in Australia and is exposed primarily to Australian dollar denominated costs. Sales are primarily denominated in US dollars.

Market risk

Foreign exchange risk The Company markets its products internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2017 USD $'000	**2016 USD $'000**
Trade receivables	3,017	5,777
Trade payables	(278)	(266)

Group sensitivity

At 31 December 2017, had the Australian Dollar weakened/strengthened by 10 per cent against the US Dollar with all other variables held constant, the change in trade receivables would have affected pre-tax profit for the year by $387,214 higher/lower (2016: $800,281 higher/lower).

At 31 December 2017, had the Australian Dollar weakened/strengthened by 10 per cent against the US Dollar with all other variables held constant, the change in trade payables would have effected pre-tax profit for the year by $35,645 higher/lower (2016: $36,808 higher/lower).

Commodity price risk

In the absence of uranium being traded on global futures exchanges, the Company uses a combination of both fixed and market price related contracts for future sales to manage this exposure. No financial instruments are used by the Company to manage commodity price risk.

Interest rate risk

The Company's main interest rate risk arises from cash on deposit. When cash is surplus to operational and investing requirements it is invested in lump sum deposits to maximise interest received. In addition, the Company is exposed to interest rate risk on cash in the Ranger Rehabilitation Trust Fund.

Credit risk

The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Where customers are rated by an independent credit rating agency, these ratings are used to set credit limits. If no independent rating exists, the credit quality of the customer is subject to extensive assessment. Letters of credit and other forms of credit insurance are also used as required. Derivative counterparties, cash transactions and cash invested through the Ranger Rehabilitation Trust Fund are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

NOTES TO THE FINANCIAL STATEMENTS

	2017 $'000	2016 $'000
TRADE RECEIVABLES		
AA	-	-
A	6,603	9,941
BBB	-	-
Other	-	-

Liquidity and capital risk

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

ERA does not have a target debt to equity ratio, but has a policy of maintaining a flexible financing structure to be able to fund capital expenditure programs, pay dividends and fund expansion opportunities as they arise. This policy is balanced against the desire to ensure efficiency in the debt/equity structure of ERA's balance sheet in the longer term through pro-active capital management programs.

The future liquidity and capital requirements of ERA will depend on many factors. Should current forecasts for foreign exchange rate, prices, costs, resource and mining techniques not be realised, and in the absence of any other successful developments, ERA may require an additional source of funding to fully fund the rehabilitation of the Ranger Project Area. Any inability to obtain sufficient capital would have a material impact on the ERA's business and financial performance.

In April 2016, ERA entered into a $100 million credit facility agreement with Rio Tinto. The credit facility agreement provides additional assurance to stakeholders that rehabilitation of the Ranger Project Area can be fully funded in a range of business scenarios.

Each year, ERA is required to prepare and submit to the Commonwealth Government an Annual Plan of Rehabilitation. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by ERA into the Ranger Rehabilitation Trust Fund (Trust Fund) is then determined. The Trust Fund includes both cash and financial guarantees.

ERA's ability to continue to access these financial guarantees can be influenced by many factors including future cash balance, cash flows and shareholder support. Guarantees are subject to periodic review by the banks. Should the Company at any point be unable to access financial guarantees, substantial additional cash would be required to be deposited into the Trust Fund. In the scenario where this occurs ERA's cash reserves available to fund operations would reduce.

ERA has plans in place to address these risks, including the credit facility agreement with Rio Tinto.

ERA currently has no debt and $468 million in total cash resources (comprising $395 million of cash on hand or at call (Note 7) and $73 million invested as part of the Trust Fund (Note 14)). No debt covenants exist.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these amounts.

NOTES TO THE FINANCIAL STATEMENTS

29 Events occurring after the reporting period

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

30 Share-based payments

ERA participates in a number of share-based payment plans administered by Rio Tinto plc and Rio Tinto Limited, which are described in detail in the Remuneration Report. These plans have been accounted for in accordance with the fair value recognition provisions of AASB2, 'Share-based Payment'.

Performance Share Plan

The Performance Share Plan (PSP) details are listed in the Remuneration Report. The awards are accounted for in accordance with the requirements applying to equity-settled sharebased payments transactions. The fair value of each award on the day of grant is set equal to the share price on the day of grant. No forfeitures are assumed. A summary of the status of shares granted under the share plan at 31 December 2017, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	8,412	3,911	(9,223)	(1,092)	(950)	1,058	560
Weighted average fair value at grant date	$39.09	$58.16	$48.17	$34.52	$34.52	$39.25	$34.52
2016							
Rio Tinto Limited	6,420	3,823	-	(1,195)	(636)	8,412	2,293
Weighted average fair value at grant date	$37.45	$44.57	-	$44.79	$44.79	$39.09	$34.52

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2017 was $57.07 (2016: $47.80).

The weighted average remaining contractual life of rights to shares outstanding at the end of the period was two years (2016: three years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

NOTES TO THE FINANCIAL STATEMENTS

Share Option Plan

The Share Option Plan was discontinued in 2013 and as such no awards were made. It is policy to settle these awards in equity, although the participants at their discretion can be offered a cash alternative. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The performance conditions in relation to Total Shareholder Return (TSR) have been incorporated in the measurement of fair value for these awards by modelling the correlation between Rio Tinto‘s TSR and that of the index. The relationship between Rio Tinto’s TSR and the index was simulated many thousands of times to derive a distribution which, in conjunction with the lattice-based option valuation model, was used to determine the fair value of the options. Expected volatilities are based on the historical volatility of Rio Tinto’s share return.

A summary of the status of options granted under the plan at 31 December 2017, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	1,158	-	(1,158)	-	-	-	-
Weighted average exercise price	$33.45	-	$33.45	-	-	-	-
2016							
Rio Tinto Limited	4,896	-	-	-	(3,738)	1,158	1,158
Weighted average exercise price	$49.87	-	-	-	$54.95	$33.45	$33.45

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2017 was nil (no options were exercised) (2016: nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2016: 0 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

NOTES TO THE FINANCIAL STATEMENTS

Share Savings Plan

The Share Savings Plan was replaced with the myShare Savings Plan in 2013, and as such no awards were made in 2016. Awards under these plans are settled in equity and accounted for accordingly. The fair value of each award on the day of grant was estimated using a lattice-based option valuation model, including allowance for the exercise price being at a discount to market price. A summary of the status of options granted under the plan at 31 December 2016, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	2,316	-	-	(1,059)	(1,257)	-	-
Weighted average exercise price	$55.62	-	-	$55.62	$55.62	-	-
2016							
Rio Tinto Limited	2,124	-	723	-	(531)	2,316	-
Weighted average exercise price	$55.62	-	$55.62	-	$55.62	$55.62	-

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2017 was $60.05 (2016: nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2016: one years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

myShare Savings Plan

The myShare plan was introduced to all eligible staff members in 2013 and is described in the Remuneration Report. Awards under this plan are settled in equity and accounted for accordingly. The fair value of each award on the day of grant is set equal to the share price on the day of grant.

A summary of the status of conditional shares granted under the plan at 31 December 2017, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	VESTED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	18,486	5,930	(385)	(5,103)	(2,825)	16,103	-
Weighted average exercise price	$50.76	$64.17	$54.79	$54.79	$59.63	$61.69	-
2016							
Rio Tinto Limited	16,933	8,772	(821)	(4,568)	(1,830)	18,486	-
Weighted average exercise price	$55.38	$46.15	$55.38	$56.37	$55.38	$50.76	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2017 was $65.25 (2016: $46.84).

The weighted average remaining contractual life of share options outstanding at the end of the period was two years (2016: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

NOTES TO THE FINANCIAL STATEMENTS

Management Share Plan

The Management Share Plan (MSP) was introduced in 2007 and is described in the Remuneration Report. The awards will be settled in equity including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The fair value of each award on the day of grant is set equal to share price on the day of grant. No forfeitures were assumed. A summary of the status of shares granted under the MSP plan at 31 December 2017, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	17,238	6,250	(3,222)	(4,020)	-	16,246	-
Weighted average fair value at grant date	$52.50	$59.05	$53.89	$60.57	-	$52.75	-
2016							
Rio Tinto Limited	15,950	7,160	-	(5,872)	-	17,238	-
Weighted average fair value at grant date	$55.88	$45.47	-	$53.11	-	$52.50	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2017 was $53.11 (2016: $47.80).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was two years (2016: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

NOTES TO THE FINANCIAL STATEMENTS

Bonus Deferral Plan

The Bonus Deferral Award was established for the mandatory deferral of a specific percentage of the Chief Executive's Short Term Incentive Plan bonus payment into Rio Tinto shares. The vesting of these awards is dependent only on service conditions being met. The awards will be settled in equity including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions. The fair value of each award on the day of grant is equal to share price on the day of grant less a small adjustment for the timing of dividends vesting. No forfeitures are assumed.

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2017							
Rio Tinto Limited	2,281	1,187	(3,468)	-	-	-	-
Weighted average fair value at grant date	$48.19	$58.07	$51.88	-	-	-	-
2016							
Rio Tinto Limited	1,720	1,599	-	(1,038)	-	2,281	-
Weighted average fair value at grant date	$58.39	$45.51	-	$60.35	-	$48.19	-

The weighted average share price at the date of exercise of conditional grants of shares exercised during the year ended 31 December 2017 was $53.11 (2016: $47.80).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2016: two years).

Where shares are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these shares.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2017 $'000	2016 $'000
Share based payment expense	697	542

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 62 to 98 are in accordance with the *Corporations Act 2001* (Cth), including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the financial year ended on that date; 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. Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive and the Chief Financial Officer required by section 295A of the *Corporations Act 2001* (Cth). This declaration is made in accordance with a resolution of the directors.

P Mansell
Perth

8 February 2018

INDEPENDENT AUDITOR'S REPORT

pwc

Independent auditor's report

To the members of Energy Resources of Australia Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Energy Resources of Australia Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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INDEPENDENT AUDITOR'S REPORT

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.

Materiality	***Audit scope***
• For the purpose of our audit we used overall materiality of $2.7 million, which represents approximately 5% of the Company's profit/loss before tax and averaged for the current and two previous years (excluding impairment). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose profit before tax because, in our view, it is the benchmark against which the performance of the Company is most commonly measured. Due to fluctuations in profit and loss from year to year, we chose a three year average. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit procedures were predominantly performed at the Company's Darwin office and the shared service centre in Brisbane. The audit engagement team also conducted a site visit to the Ranger mine.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for the cost of rehabilitation of the Ranger Project Area *(Refer to note 16 and 17) $525.7m provision*	
The Company is required under the Ranger section 41 Authority (Ranger Authority) to fully rehabilitate the Ranger Project Area (RPA) site by 8 January 2026. Calculating the final rehabilitation obligation requires significant estimation and judgement by the Company. Assumptions are required to be made in respect of methods of rehabilitation, costs and timing, as well as	We obtained the Company's calculation of the rehabilitation obligation (the model). We checked the timing of the cash flows in the model were consistent with the requirements of the Ranger Authority. Where significant assumptions made within the model, such as costs of moving waste rock and treating water, could be checked against external benchmarks or

INDEPENDENT AUDITOR'S REPORT

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Key audit matter	*How our audit addressed the key audit matter*
the potential for changes in regulatory requirements, technology and market conditions. The most significant components of the provision relate to the movement of waste rock, the transfer of tailings from the Tailings Storage Facility and the treatment of process water. The work required may also change as a result of the outcomes of current progressive rehabilitation activity and ongoing and planned technical studies. The calculation of the provision requires significant input from specialists and experts, both within and external to the Company. Given the significance of this balance and the factors outlined above, the provision for rehabilitation was a key audit matter.	similar historical expenditure we did so for a sample. Alternatively, where no such information was available, we compared the provision to the Company's internal or external experts' estimate of costs and assessed the experts' objectivity, competence and independence. We checked that the discount rate used was consistent with that generally used in the industry to discount liabilities of this type. We also compared actual cash flows in FY17 to those forecast by the Company as part of the provision in FY16, to assess the historical accuracy of estimates and assumptions.
Carrying value assessment for the Jabiluka Undeveloped Property *(Refer to note 12) $181m carrying value* Assessing the carrying amount of the Company's Jabiluka Undeveloped Property asset was a key audit matter. Factors giving rise to this conclusion included the financial size of the balance and the judgement required by the Group in the assessment as a result of the long-term nature of the asset, particularly in relation to: o whether development of the Jabiluka resource will ultimately proceed given it requires the consent of the Mirrar Traditional Owners under the Long Term Care and Maintenance Agreement; o the long-term uranium oxide price and the AUD/USD exchange rate used in the probability weighted discounted cash flow model to estimate the fair value of the asset.	We performed procedures over the assessment of the carrying value of the Jabiluka Undeveloped Property, including with respect to whether the development will proceed, by updating our understanding of: o changes in circumstances since the last assessment of the carrying amount; o the resource including size and grade; o the consent process required; o the latest long term uranium oxide price and AUD/USD exchange rate used in the valuation model utilised by the Company (the Jabiluka model). Having updated our understanding of the above points, we considered whether there had been any changes in these assumptions which would give rise to an impairment indicator. We did not identify any indicators that had not been considered by the Company. We also compared the market capitalisation of the Company to its net assets and noted that the market capitalisation was higher at 31 December 2017.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	*How our audit addressed the key audit matter*
Liquidity and capital management *(Refer to note 28)* The Company had a cash balance of \$395.5m and a further amount of \$72.9m held in the Ranger Rehabilitation Trust Fund by the Commonwealth Government for the purposes of rehabilitation at 31 December 2017. In the event that the Company is unable to fully fund the Ranger rehabilitation programme from its cash reserves, and in the absence of any other successful developments or assets sales, the Company may require an additional source of finance to fully fund the rehabilitation of the Ranger Project Area. The risks to funding around the future uranium market, the maintenance of financial guarantees and the terms of the Rio Tinto credit facility, along with the related financial statement disclosures, are important to understand the financial position of the Company and were therefore considered to be a key audit matter.	We evaluated the process by which the Company projects cash flows over the medium to long term. We inspected the Rio Tinto credit facility agreement to assess the Company's position with regard to key terms and conditions supporting the continued availability of the agreement. Our procedures included confirming the current status of the financial guarantees provided by a number of banks. In addition we corresponded directly with the banks to confirm the position of the guarantees at 31 December 2017. We evaluated whether the disclosures were consistent with the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2017, including:

- Company's overview
- Chairman's Report
- Chief Executives Report
- 2018 Objectives
- Operating and Financial Review
- Future Supply
- Sales and Marketing
- Health and Safety
- Radiation Monitoring
- Regulatory Framework
- Sustainability Report
- Shareholder Information
- 2017 ASX Announcements
- Ten Year Performance; and
- Index

INDEPENDENT AUDITOR'S REPORT

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 35 to 51 of the directors' report for the year ended 31 December 2017.

In our opinion, the remuneration report of Energy Resources of Australia Ltd for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
8 February 2018

SHAREHOLDER INFORMATION

Energy Resources of Australia Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised by Directors on 8 February 2018. The Directors have the power to amend and reissue the financial statements.

The shareholder information set out below was applicable as at 31 January 2018.

Distribution of equity securities

Analysis of numbers of registered equity security holders by size of holding:

	ORDINARY SHARES			
	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1 - 1,000	6,303	57.73	2,069,072	0.40
1,001 - 5,000	2,822	25.85	7,223,882	1.39
5,001 – 10,000	878	8.04	6,583,009	1.27
10,001 – 100,000	852	7.80	22,031,776	4.26
100,001 and over	63	0.58	479,817,323	92.68
	10,918	100.00	517,725,062	100.00

There were 5,641 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	NUMBER OF SHARES	% OF ISSUED SHARES
Peko Wallsend Ltd	177,535,718	34.29
North Limited	176,543,136	34.10
HSBC Custody Nominees (Australia) Limited	89,897,331	17.36
Citicorp Nominees Pty Limited	11,389,471	2.20
J P Morgan Nominees Australia Limited	8,366,521	1.62
BNP Paribas Noms Pty Ltd	1,529,664	0.30
National Nominees Limited	1,230,603	0.24
CS Third Nominees Pty Limited	714,924	0.14
Ganra Pty Ltd	651,429	0.13
HSBC Custody Nominees (Australia) Limited	648,872	0.13
John E Gill Trading Pty Ltd	531,000	0.10
Mrs Qiuyu Ping	472,022	0.09
Mr William Ewart Granter	450,000	0.09
Mengrove Pty Ltd	420,000	0.08
HSBC Custody Nominees (Australia) Limited	411,300	0.08
Mr Leon Arharidis and Mrs Kiveli Arharidis	366,000	0.07
BNP Paribas Nominees Pty Ltd	336,245	0.06
Mr Kien Tuong TA	325,000	0.06
Mr Hong Keong Chiu and Ms Yok Kee Khoo	302,528	0.06
Tierra De Suenos SA	300,000	0.06

SHAREHOLDER INFORMATION

Entitlements to vote

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 at a shareholders' meeting 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.

Annual General Meeting

The next Annual General Meeting will be held at 9:30 am on Wednesday 11 April 2018 in Darwin, Northern Territory, Australia.

Tax file numbers

Tax file numbers or exemption details are recorded from shareholders who wish to provide 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

Computershare Investor Services Pty Ltd
Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone: +61 (0) 3 9473 2500
Facsimile: +61 (0) 3 9415 4000

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

2017 ASX ANNOUNCEMENTS

27 Dec 2017	Change in substantial holding
30 Nov 2017	Resignation and appointment of Directors
18 Oct 2017	Change of registry address notification
11 Oct 2017	September 2017 Quarter Operations Review
16 Aug 2017	Revised Sales and Marketing Agreement
01 Aug 2017	Resignation and appointment of Company Secretary
01 Aug 2017	ERA Additional Information for the Financial Community
01 Aug 2017	June 2017 Half Year Results
01 Aug 2017	ASX Interim Report 30 June 2017
19 Jul 2017	Response to ASX Price Query Letter
12 Jul 2017	June 2017 Quarter Operations Review
29 Jun 2017	Appointment of Chief Executive and Managing Director
12 Apr 2017	2017 Annual General Meeting - Results of Voting
12 Apr 2017	2017 AGM Chief Executive's Address
12 Apr 2017	2017 AGM Chairman's Address
12 Apr 2017	March 2017 Quarter Operations Review
24 Mar 2017	Resignation of Chief Executive and Managing Director
20 Mar 2017	Resignation and appointment of Company Secretary
06 Mar 2017	Annual General Meeting Proxy Form
06 Mar 2017	Notice of Annual General Meeting
20 Feb 2017	Change in substantial holding
13 Feb 2017	2016 Annual Report
13 Feb 2017	Appendix 4G
31 Jan 2017	ERA Financial Community Presentation January 2017
31 Jan 2017	Annual Statement of Reserves and Resources
31 Jan 2017	ERA 2016 Full Year Results
31 Jan 2017	Preliminary Final Report
27 Jan 2017	Change in substantial holding
17 Jan 2017	Anticipated impairment
12 Jan 2017	December 2016 Quarter Operations Review

Details of these announcements are available at *www.energyres.com.au*.

TEN YEAR PERFORMANCE

YEAR ENDED 31 DECEMBER	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sales Revenue ($000)	211,181	267,765	332,777	379,166	356,139	396,629	651,381	572,283	768,297	496,359
Earnings Before Interest and Tax ($000)	(52,925)	(279,781)	(88,292)	(284,274)	(199,431)	(278,266)	(220,633)	47,726	374,737	317,957
Profit/(Loss) Before Tax ($000)	(43,532)	(271,077)	(79,798)	(273,602)	(186,541)	(254,785)	(206,340)	59,427	382,053	312,569
Income Tax Expense/ (Benefit) ($000)	-	-	195,695	(85,802)	(50,712)	(36,026)	(52,741)	12,423	109,479	90,784
Profit/(Loss) After Tax ($000)	(43,532)	(271,077)	(275,493)	(187,800)	(135,829)	(218,759)	(153,599)	47,004	272,574	221,785
Total Assets ($000)	797,312	819,432	1,100,815	1,341,724	1,627,561	1,826,275	1,948,972	1,423,396	1,359,131	1,170,409
Shareholders' Equity ($000)	154,887	198,559	469,947	745,607	934,022	1,069,619	1,288,536	951,076	966,574	758,926
Long Term Debt ($000)	-	-	-	-	-	-	-	-	-	-
Current Ratio	3.2	4.0	4.0	4.1	3.8	4.0	7.1	3.4	3.1	1.5
Liquid Ratio	2.5	3.1	3.0	2.7	2.3	2.9	6.0	2.1	2.2	0.8
Gearing Ratio (%)	-	-	-	-	-	-	-	-	-	-
Interest Cover (times)	-	-	-	-	-	(156.7)	(177.9)	47.8	33.5	5.6
Return on Shareholders' Equity (%)	(28.1)	(136.5)	(58.6)	(25.2)	(14.5)	(20.5)	(11.9)	4.9	31.6	29.2
Earnings Per Share (cents)	(8.4)	(52.4)	(53.2)	(36.3)	(26.2)	(42.3)	(29.7)[1]	24.6	142.9	116.3
Dividends Per Share (cents)	-	-	-	-	-	-	-	8.0	39.0	28.0
Payout Ratio (%)	-	-	-	-	-	-	-	32	27	24
Share Price ($) closing	0.91	0.44	0.36	1.30	1.26	1.27	1.23	11.13	23.89	19.00
Price-Earning Ratio	(10.83)	(0.83)	(0.68)	(3.58)	(4.81)	(3.00)	(2.54)	45.24	16.72	16.34
Dividend Yield (%)	-	-	-	-	-	-	-	2.96	1.42	1.47
Net Tangible Assets per Share ($)	0.30	0.38	0.91	1.44	1.80	2.07	2.49	4.99	5.07	3.98
No. of Employees	358	356	374	389	519	594	567	523	521	519
Profit After Tax per Employee ($000)	(121.6)	(761.5)	(736.6)	(482.8)	(264.8)	(374.5)	(270.9)	89.87	523.17	427.33
Ore Mined (million tonnes)	-	-	-	-	-	3.8	1.2	1.4	2.2	3.5
Ore Milled (million tonnes)	2.6	2.7	2.5	1.3	2.3	2.6	1.6	2.4	2.3	2.0
Mill Head Grade (% U_3O_8)	0.10	0.10	0.10	0.11	0.15	0.17	0.18	0.19	0.26	0.30
Mill Recovery (%)	84.7	84.9	82.0	81.5	84.8	86.2	87.9	87.2	88.3	88.2
Production (tonnes U_3O_8) – Drummed	2,294	2,351	2,005	1,165	2,960	3,710	2,641	3,793	5,240	5,339
Sales – Ranger Concentrates (tonnes U_3O_8)	2,089	2,130	2,183	2,164	2,767	2,665	3,258	4,373	5,497	5,272
Sales – Other Concentrates (tonnes U_3O_8)	-	9	-	984	48	558	1,908	653	–	–
Sales – Total (tonnes U_3O_8)	2,089	2,139	2,183	3,148	2,815	3,223	5,167	5,026	5,497	5,272

Note 1 *Post rights issue*

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 –
foreign exchange		hedge liability)
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

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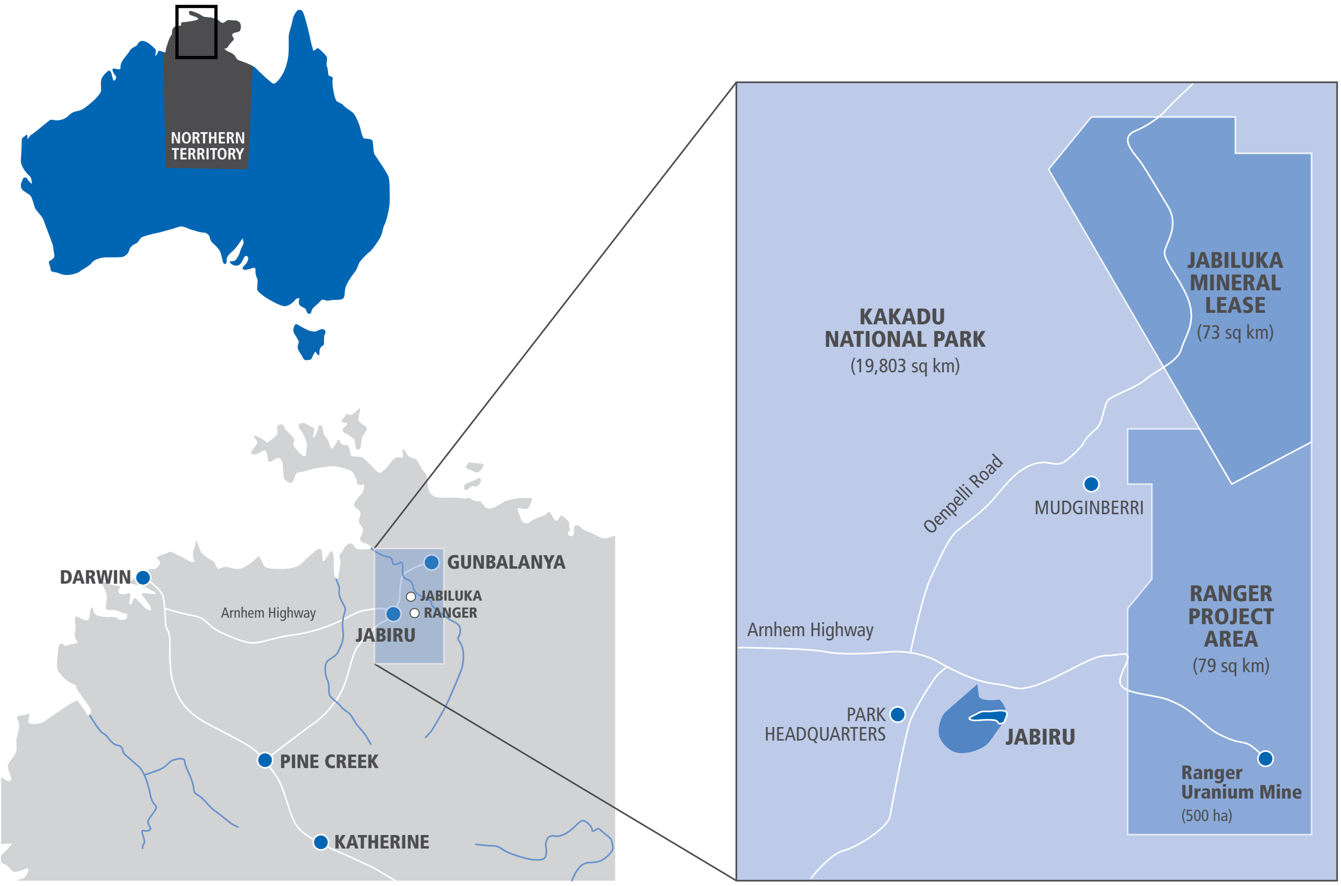

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