ENERGY RESOURCES OF AUSTRALIA LTD ANNUAL REPORT 1996

ACN 008 550 865

ERA Energy Resources of Australia Ltd

Ché Farmer, Lab & Field Assistant, Environment Department, collecting fish, with a basket, from the new wetland filters. The wetland filters are now included in ERA's water management strategy - a culmination of many years of research.

ERA Spirit in

1996 Highlights

- Earned a profit after tax of $40.7 million - an increase of 229 per cent from 1995;
- Signed five new long-term supply contracts;
- Achieved record sales of higher profit margin Ranger concentrates of 3,364 tonnes U_3O_8 - an increase of 67 per cent from 1995;
- Experienced an increase in spot prices for uranium of 39 per cent;
- Resumed payment of normal dividends;
- Received final approvals to mine Orebody #3;
- Applied to mine Jabiluka #2 and commenced preparation of a new Environmental Impact Statement (EIS) for the Commonwealth and Northern Territory Governments;
- Brought forward and finalised plans for a 50 per cent mill capacity expansion;
- Completed stage 1 of the mill automation project;
- Received approval for in-pit tailings deposition;
- Successfully introduced wetland filters as a technique for water management;
- Entered into an enterprise agreement with employees;
- Introduced performance based pay incentives for all employees;
- An expected $4.3 million tax refund (including interest and legal fee recovery) following a favourable High Court finding regarding the non assessability/deductibility of foreign exchange gains and losses made on certain borrowings - the Division 3B case;
- Conducted and acted upon an employee opinion survey.

COMPANY *Profile*

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

The Company has the capacity to improve its competitive position in the years ahead having two significant undeveloped uranium orebodies. Orebody #3 on the Ranger Project Area will be developed in 1997 and Jabiluka #2 on an adjoining lease is proposed to be developed in 1999 pending Government, environmental and Aboriginal approvals.

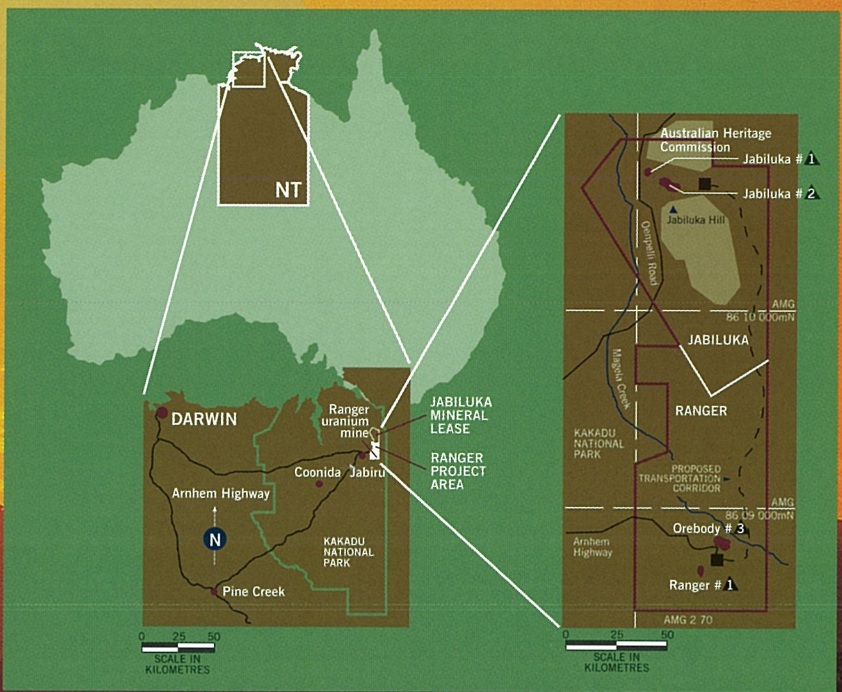
The Company also maintains a secure portfolio of medium and long term sales contracts. ERA is a 68.4 per cent owned subsidiary of North Limited, a diversified resource company, and has strong shareholder-customer links with electric utilities in Japan, Germany, France and Sweden.

CORPORATE *Objectives*

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

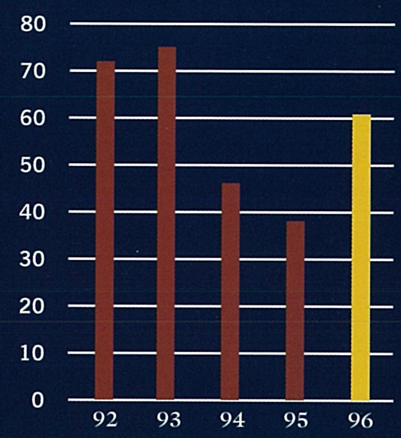
- fulfilling the expectations of all stakeholders in the Company's business, with special emphasis on the needs of customers, safety of employees, the integrity of the environment and the well-being of the Aboriginal community;
- open and honest communication with all stakeholders;
- continuous improvement in management practice;
- realising the value of the company's assets through development of its ore reserves;
- maximising growth in sales of uranium concentrates; and
- improving earnings and cash flow.

Kakadu



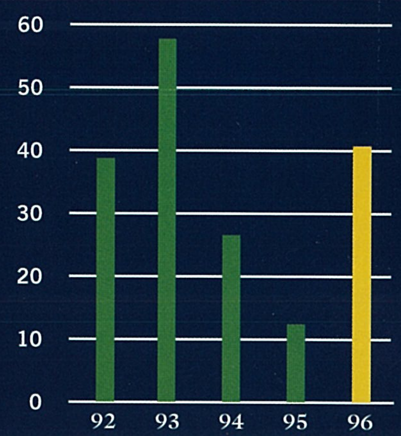
EARNINGS BEFORE INTEREST & TAX

$ million



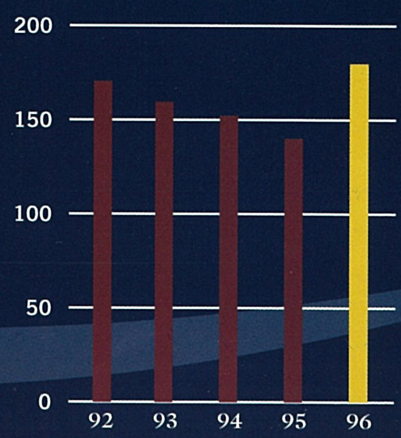
PROFIT AFTER TAX

$ million



SALES REVENUE

$ million



MANAGEMENT *Strategy*

1996 and 1997

With the current recovery in market prices for uranium, ERA's management will seek to:

- increase production and increase sales, replacing some third party sales with more profitable Ranger sales; and
- work with the relevant authorities, Aboriginal Traditional Owners and interest groups in order to achieve development of Jabiluka #2.

Beyond 1997

ERA's strategy is to take advantage of the market recovery by substantially and quickly increasing production and locking in long term sales to take advantage of favourable long term prices.

THE YEAR IN RE

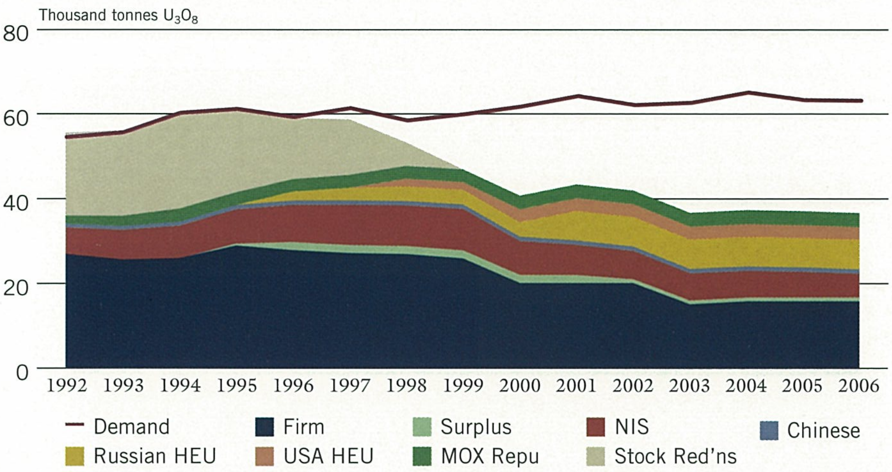
The past year has been a strong year for ERA with an increase in production and the recovery of the uranium market reflected in a profit after tax of $40.7 million up 229 per cent from 1995 (1995: $12.4 million). ERA supplied 7.5 per cent of the Western world's net uranium requirements and increased production by 123 per cent.

Normal dividend payments to shareholders were resumed in 1996. On 22 April 1996 an interim dividend of 4 cents per share, fully franked at 36 per cent was paid. On 6 November 1996 a fully franked (at 36 per cent) final year dividend of 10 cents per share will be paid to all shareholders in respect of the financial year ending 30 June 1996.

ERA also significantly reduced its borrowings to $62.3 million (1995: $89.2 million).

As the uranium market recovered, the restricted spot price for uranium concentrates rose by 39 per cent - from US$11.90 per pound to $US16.50 per pound, validating the Company's decision to extend the 1995 milling campaign to the end of October and to recommence year round milling in January 1996. ERA is currently undertaking a 50 per cent mill capacity expansion in order to take further advantage of the market recovery.

FIGURE 1: ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



During the year ERA signed five new long term contracts and has contracted to sell 28,000 tonnes of U_3O_8 over the next 10 years. Record sales of Ranger material were achieved at 3,364 tonnes U_3O_8. Total sales during the year of 4,232 tonnes U_3O_8 were up by 23 per cent (1995: 3,431 tonnes U_3O_8).

The election of a Commonwealth Coalition Government during March has meant that the Labor Party's "Three Mine Policy" is no longer in place, opening up opportunities for the development of new uranium mines in Australia.

ERA applied to the Commonwealth Government to develop Jabiluka #2 in April. Preparation of the Environmental Impact Statement (EIS) for Jabiluka #2 is currently under way and negotiations with the Aboriginal Traditional Owners

VIEW

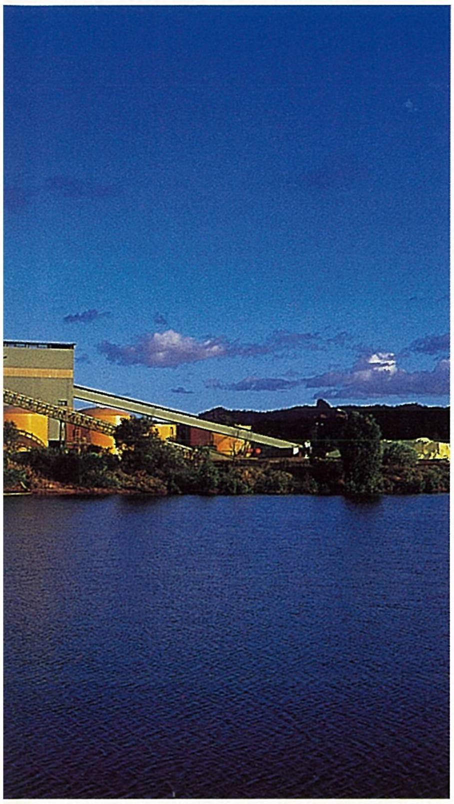


TABLE 1: HIGHLIGHTS			
Year ended 30 June	1996	1995	% Change
Financial, $ million			
Sales Revenue	180.4	140.0	28.9
Profit before tax	58.5	35.4	65.3
Income tax expense	17.8	23.0	–22.6
Profit after tax	40.7	12.4	228.2
Total Assets	865.0	900.0	–3.9
Issued Capital	38.1	38.1	–
Capital & Reserves	654.8	640.8	2.2
Earnings per share, cents	21.4	6.5	229.2
Return on shareholders' equity, per cent	6.3	1.9	231.6
Dividend per share, cents	14.0	252.5	–94.5
Production			
Ore mined, million tonnes	–	0.841	–100.0
Ore milled, million tonnes	1.201	0.578	107.8
Mill head grade, per cent U_3O_8	0.349	0.345	1.2
Total production tonnes U_3O_8	3,453.3	1,548.2	123.0
Sales Tonnes			
Ranger concentrates	3,363.9	2,012.8	67.1
Other concentrates	867.6	1,418.4	–38.8
Total sales	4,231.5	3,431.2	23.3

are taking place. These approvals are required before the Company can proceed with its preferred option to develop Jabiluka #2.

In May final approvals were received from the Northern Territory Government to mine Orebody #3 which is part of the existing Ranger Project Area. ERA plans to commence production from Orebody #3 in mid 1997 - as previously scheduled.

An application was made to the Commonwealth Government for the extension of the Ranger Project Authority beyond the year 2000 for a further 26 years. Initial negotiations with the Aboriginal Traditional Owners on royalties associated with the extension were undertaken during the year - agreement has still to be reached.

With the introduction of performance based pay incentives during the year the Company had the opportunity to evaluate the performance of all employees. Nearly 50 per cent of employees performed well above the requirements of their position.

ERA once again undertook an employee opinion survey. Employees considered the Company performed above average in most areas. ERA is in the process of addressing those areas of concern to employees.

ERA is committed to the well-being of the community in which it operates and during the year agreed to work with the Northern Land Council, the Traditional Owners and the Commonwealth Government on a social and cultural impact study of the region. ERA will contribute half the cost of this study.

The independent reviews of environmental performance by the Office of the Supervising Scientist (OSS) and the Northern Territory Department of Mines and Energy again found that Ranger had no environmental impact outside the operations area. However, disappointingly, in December a diesel fuel spill took place on site. While the spill was fully contained within the site, it resulted in the death of 40 birds of common species. New procedures have been put in place to prevent this recurring.

OUTLOOK

The outlook for ERA is extremely favourable.

ERA's commitment to further development and an increase in production gives its electric utility customers confidence in ERA's ability to continue as a reliable supplier of uranium concentrates for many years to come.

Future growth prospects include the Asian markets where there are currently 83 nuclear power stations in six countries of the region with a further 15 under construction and plans in place to build another 57.

Left: The mill at Ranger Mine, looking across Retention Pond #2

DEVELOPMENTS

HIGHLIGHTS

- FINAL APPROVALS FOR DEVELOPMENT OF OREBODY #3 AND MILL EXPANSION RECEIVED
- NO "THREE MINE POLICY" UNDER THE COALITION GOVERNMENT

OBJECTIVES

- TO PREPARE OREBODY #3 FOR MINING IN JULY 1997 AND TO COMPLETE MILL EXPANSION BY JULY 1997
- TO OBTAIN APPROVALS FOR JABILUKA #2
- TO EXTEND THE RANGER PROJECT AUTHORITY BEYOND 2000

OREBODY #3 AND MILL EXPANSION

ERA received final approval from the Northern Territory Government to mine the Ranger Orebody #3 on 15 May 1996.

Fifty-seven new long-term jobs will be created at Ranger as production from Orebody #3 commences in July 1997.

The development of the orebody safeguards ERA's long-term contracts and ensures ERA is recognised as a reliable supplier of uranium to electricity utilities. Orebody #3 will extend the Ranger Project until the year 2010.

Orebody #3 is part of the existing Ranger Project Area and was included in the original Environmental Impact Statement (EIS) and approvals to mine the Ranger Project Area.

Orebody #3 contains proved and probable reserves of 55,700 tonnes of U_3O_8 that will be mined by open cut methods.

As part of the Orebody #3 development, a major mill expansion to cost $37.5 million was announced in June 1996.

Original estimates for the expansion were revised up to $37.5 million following a change in development strategy to higher sales and production rates. This expansion will allow the mill to process two million tonnes of ore per annum for the full life of both Orebody #3 and the remaining Orebody #1 stockpiles.

The mill expansion will increase production capacity by 50 per cent. Production rates of 5,000 tonnes per annum should be reached by the 1997/98 financial year.

JABILUKA #2

The election of the Coalition Government in March 1996 effectively means that the "Three Mine Policy" of the Labor Party is no longer in place. Australian uranium resources can be developed, in response to market demand, subject only to Government, environmental and Aboriginal approvals where applicable.

The Commonwealth Government announced the draft guidelines for an Environmental Impact Statement (EIS) on the Company's proposed development of the Jabiluka #2 mine on 30 June 1996. Kinhill Engineers

were appointed to undertake the EIS and it is planned to complete the draft by the end of 1996. After completion it will be made available to the community for public comment.

ERA is consulting with the Aboriginal Traditional Owners in relation to the development of Jabiluka #2. A social and cultural impact study involving the Northern Land Council (NLC), Traditional Owners, the Government and ERA is also underway.

ERA has sought to take advantage of a window of marketing opportunity in which demand exceeds supply and was the first Company to apply to the Coalition Government to develop a new uranium resource. ERA is aiming for Jabiluka #2 to be in production by 1999 in order to secure long term contracts beyond 2007 when reserves from Orebody #3 start to be depleted.

ERA prepared an extensive submission for the Commonwealth Senate Select Committee on Uranium Mining and Milling which is examining various aspects of uranium mining in Australia. The Committee is due to release its report in December 1996.

The Committee has no formal part to play in assessment and approval of the Jabiluka #2 EIS.

Jabiluka #2 has reserves of 19.5 million tonnes averaging 0.46 per cent of U_3O_8 containing 90,400 tonnes U_3O_8 - enough to maintain production until 2027. Once Jabiluka #2 is operational it is planned to blend ore from Ranger Orebody #3 and Jabiluka #2.

ERA is examining a number of options, but the Company's preferred option is to modify the original approved proposal for development of Jabiluka #2 put forward by Pancontinental Mining Limited. This modification significantly reduces the area that will be disturbed by operations from Pancontinental's plan of 819 ha to under 80 ha (one tenth the size). Mine facilities will occupy less than 20ha - two thirds of the area of Parliament House in Canberra.

The mine will be located on the opposite side of a hill from the Magela Wetlands and out of site from the tourist road. The underground mine will be designed to have minimal impact on the surrounding environment with a small retention pond to ensure no water leaves the site.

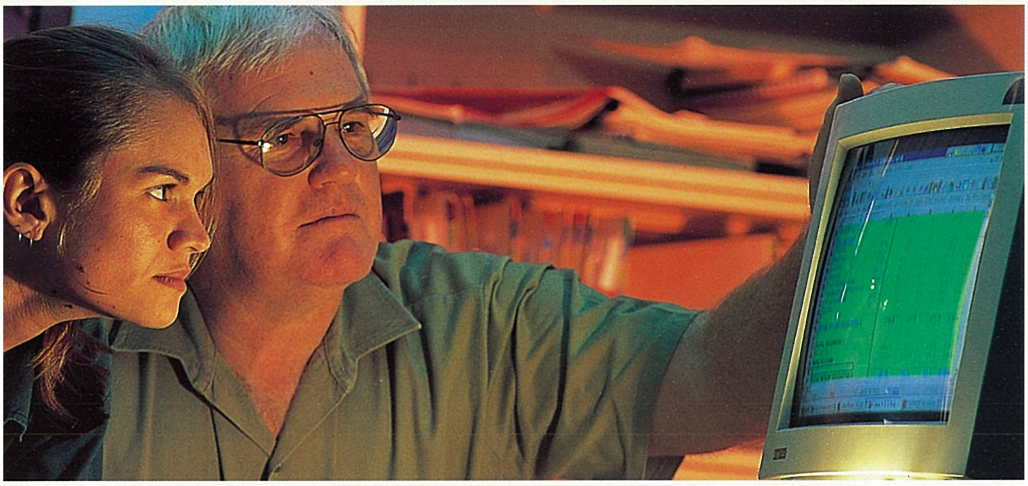
Ore will be trucked through the ERA leases to Ranger - 22 kilometres away - for processing. The haul road will be located completely within the ERA leases and will not enter the Kakadu National Park. Tailings will be placed in the Ranger open pits.

With the development of Jabiluka #2, ERA will employ 380 people directly within the Company and indirectly fund the employment of approximately 1,500 people. The majority of earnings from Jabiluka #2 (88 per cent) will be paid to Australians through wages, goods and services, research, royalties, taxes and dividends. Access Economics estimate the Australian economy will be better off by $3.8 billion (present value) with the development of Jabiluka #2 and will contribute increased GDP of $6.25 billion (present value).

Above: An artist's impression of the proposed Jabiluka mine site. The Magela Wetlands are in the far background

Far left: Mill control operator, Dave Murphy

FINANCE



HIGHLIGHTS 1996

- PROFIT AFTER TAX OF $40.7 MILLION
- SALES REVENUE OF $180.4 MILLION
- EARNINGS BEFORE INTEREST AND TAX OF $60.8 MILLION
- RETURN TO NORMAL DIVIDEND PAYMENTS

OBJECTIVES 1997

- TO MAXIMISE PROFITS
- TO CONTINUE TO REDUCE RANGER'S CASH COSTS OF PRODUCTION
- MAINTAIN OPTIMUM DEBT LEVEL

INCREASED PROFITS

1996 saw a 229 per cent increase in profit after tax to $40.7 million (1995: $12.4 million). ERA also showed a significant improvement in earnings before interest and tax to $60.8 million (1995: $38.0 million). This is mainly attributed to record sales of Ranger concentrates - 3,364 tonnes U_3O_8 (1995: 2,013 tonnes U_3O_8) - which have a higher profit margin than third party sales.

ERA increased contracted sales of Ranger concentrates to take advantage of an expected upturn in the market. This increase in sales was achieved through: three utilities exercising their options to increase tonnages during the year; a "one-off" contract for the year; and three utilities bringing their delivery dates forward.

Total sales of U_3O_8 were 4,232 tonnes (1995: 3,431 tonnes) with sales sourced from third parties at 868 tonnes U_3O_8 (1995: 1,418 tonnes U_3O_8).

ERA expects a $4.3 million tax refund (including interest and legal fee recovery) following a favourable High Court finding regarding the non assessability/ deductibility of foreign exchange gains and losses made on certain borrowings - the Division 3B case. $5.8 million of tax overprovisions were written back to the Profit and Loss Statement.

Ranger's unit cash costs of production per kilogram of U_3O_8 decreased compared to last year by over 20 per cent. This significant reduction is a result of the extension of the 1995 milling campaign, a return to year round milling, completion of phase 1 of the plant automation project and a switch to Caro's Acid as the oxidant in the leach process (see Operations section, page 8).

ERA is entitled to a refund of $7.9 million from the Ranger Rehabilitation Fund following the Commonwealth Government's annual assessment of funding required to rehabilitate Ranger. The Commonwealth assessed the cost of rehabilitation to be $29.7 million. This reduced cost reflects ERA's continuing rehabilitation efforts.

TABLE 2: SHARES at 30 June

Year	1996	1995	1994	1993	1992
Shareholders	8,329	12,095	12,688	13,768	14,647
Price, $ per share					
- year high	6.25	6.90*	1.92	1.38	1.37
- year low	2.70	1.20	1.25	1.05	1.09
- year end	4.65	2.92**	1.25	1.30	1.22

* Post reconstruction of ERA's capital (four shares into one) and cum-special dividend of $2.50 per share.
** Post reconstruction and ex-special dividend.

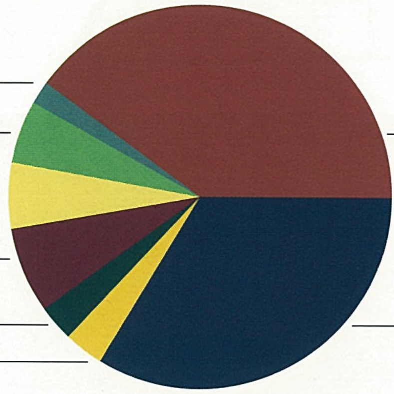
ERA continued with its policy of managing its foreign exchange exposure. The $A/$US exchange rate averaged 0.7587 during the year. ERA's hedged rate of 0.7439 resulted in a foreign currency gain of $6.6 million.

BORROWINGS

Net debt - that is borrowings minus cash - increased during the 1996 financial year. ERA's net debt at 30 June stood at $51.5 million (1995: $49.8 million).

ERA reduced its borrowings to $62.3 million (1995: $89.2 million).

ERA SALES REVENUE BY COUNTRY



CAPITAL EXPENDITURE

ERA's capital expenditure during the year totalled $11.9 million (1995: $5.5 million). This was mainly associated with: wetland filters; preparation of the Orebody #1 pit for tailings deposition; Stage 1 of the mill automation process; Caro's Acid conversion; pre-production work on Orebody #3; and the rebuild of mining equipment in preparation for the mining of Orebody #3.

ERA's capital expenditure for the 1997 year will increase significantly to approximately $70 million due to the development of Orebody #3 and mill expansion project.

DIVIDENDS

ERA returned to normal dividend payments during the year. An interim dividend of 4.0 cents per share, fully franked at 36 per cent was paid on 22 April 1996.

ERA Directors declared a final dividend for the year of 10.0 cents per share, fully franked at 36 per cent. The closing date for the dividend is 18 October 1996 and it will be paid on 6 November 1996.

AUDIT COMMITTEE

The Audit Committee of the Board met four times during the year: August 1995, December 1995, February 1996 and May 1996.

TABLE 3: PROFIT & LOSS SUMMARY ($ million)

Year ended 30 June	1996	1995	1994	1993	1992
Sales revenue	180.4	140.0	152.2	159.5	170.5
Net expenses	119.6	102.0	106.1	84.5	96.9
Abnormal items	–	–	–	–	(1.7)
Earnings before interest & tax	60.8	38.0	46.1	75.0	71.9
Net interest expense	2.2	2.6	1.8	2.5	2.8
Profit before tax	58.5	35.4	44.3	72.5	69.1
Income tax expense	17.8	23.0	17.8	14.8	30.4
Profit after tax	40.7	12.4	26.5	57.7	38.7
Extraordinary gain/(loss) after tax	–	–	–	–	–

TABLE 4: SIMPLIFIED BALANCE SHEET ($ million)

at 30 June	1996	1995	1994	1993	1992
Shareholders' equity	654.8	640.8	651.7	625.1	567.5
Share capital	38.2	38.2	410.0	410.0	410.0
Reserves	565.9	565.9	–	–	–
Retained profits	50.7	36.7	241.7	215.1	157.5
Represented by:					
Non-current assets	698.1	728.7	739.9	757.5	733.4
- property, plant & equipment	674.8	698.5	709.6	717.3	725.0
- other	23.3	30.2	30.3	40.2	8.4
Non-current liabilities	132.6	179.2	189.3	239.3	287.1
- creditors and borrowings	29.1	72.7	90.4	136.0	177.8
- other	103.5	106.5	98.9	103.3	109.3
Working capital	89.3	91.3	101.1	106.9	121.2
- cash	10.7	39.4	58.0	69.5	46.2
- net receivables	52.9	26.3	17.8	36.8	(12.0)
- stock	80.6	82.5	85.2	88.1	128.1
- other	(54.9)	(56.9)	(59.9)	(87.5)	(41.1)
Net assets	654.8	640.8	651.7	625.1	567.5
Earnings per share, cents	21.4	6.4*	6.5	14.1	9.4
Return on shareholders' equity, per cent	6.3	1.9	4.2	9.7	7.0
Dividends per share, cents	14.0	252.5	0.0	0.0	4.0

*Based on reconstructed capital

Far left: Lisa Siebert & Trevor Brinkworth

OPERATIONS

HIGHLIGHTS 1996

- EXTENDED MILLING CAMPAIGN IN 1995
- RECOMMENCED YEAR ROUND MILLING IN JANUARY 1996
- COMMISSIONED AND COMPLETED NEW CARO'S ACID PLANT
- IN-PIT TAILINGS DEPOSITION APPROVED IN SEPTEMBER 1995
- COMPLETED STAGE 1 OF PLANT AUTOMATION PROJECT

OBJECTIVES 1997

- TO PREPARE OREBODY #3 FOR PRODUCTION BY JULY 1997 AND TO UNDERTAKE A 50 PER CENT MILL CAPACITY EXPANSION
- TO COMMISSION IN-PIT TAILINGS DEPOSITION SYSTEM
- TO MAXIMISE PRODUCTION

In January the mill returned to year round operations following four successful years of campaign mining and milling. The final campaign milling period was completed in October 1995 following an extension of nearly six weeks.

In anticipation of improving market conditions and given spare capacity in the mill, the milling campaign was extended increasing production of U_3O_8 which was sold under existing contracts.

No mining took place during the year. Mining of Orebody #1 was completed in December 1994. Development of Orebody #3 has commenced for mining in July 1997.

Feed to the mill was entirely reclaimed from stockpiles consisting of 980,000 tonnes of primary ore at 0.35 per cent U_3O_8 blended with 220,000 tonnes of lateritic ore at 0.35 per cent U_3O_8.

Stage 1 of the plant automation project was completed and running smoothly by March 1996. Benefits are already being realised through reduced soluble loss to tailings.

During the year the mill was modified to use Caro's Acid. In January Caro's Acid replaced pyrolusite as the oxidant in the leach process. Caro's Acid is a solution of hydrogen peroxide and concentrated sulfuric acid. It requires no dissolution time and is therefore highly efficient. The conversion to Caro's Acid has resulted in higher recovery rates and is expected to reduce operating costs. It also obviates the addition of manganese to the system.

Total production from the Ranger mill was 3,453 tonnes U_3O_8 (1995: 1,548 tonnes U_3O_8). This increase reflects the return to year round milling and the extended milling

TABLE 5: MILLING					
Year ended 30 June	**1996**	1995	1994	1993	1992
Ore milled, million tonnes					
from mine	–	–	–	0.004	0.098
from stockpile	1.201	0.578	0.437	0.422	0.888
total ore milled	1.201	0.578	0.437	0.426	0.986
Mill head grade, per cent U_3O_8	0.349	0.345	0.389	0.348	0.324
Milling rate, tonnes per hour	186.4	173.1	165.5	149.9	158.0
Mill recovery, per cent	85.11	82.90	85.69	90.56	89.83
Total production, tonnes U_3O_8	3,453.3	1,548.2	1,461.8	1,335.1	2,980.0
Product grade, per cent U_3O_8	99.19	98.70	98.63	98.77	98.89

TABLE 6: MINING					
				million tonnes	
Year ended 30 June	**1996**	1995	1994	1993	1992
Ore mined, cut off grade 0.20% U_3O_8					
to process plant	–	–	–	0.004	0.098
to stockpile	–	0.841	0.712	0.826	0.337
total ore mined	–	0.841	0.712	0.830	0.435
Low grade mineralisation	–	1.324	1.771	1.942	0.792
Construction material	–	–	–	–	1.316
Waste rock	–	0.404	0.980	1.102	–
Total tonnes mined	–	2.569	3.463	3.874	2.543

Note: Mining values for 1992 are reported to a cut off grade of 0.10% U_3O_8.

TABLE 7: ERA ORE RESERVES						
At 30 June	**1996**			1995		
	Ore, million tonnes	Grade, per cent U_3O_8	Contained U_3O_8 tonnes	Ore, million tonnes	Grade, per cent U_3O_8	Contained U_3O_8 tonnes
Orebody #1						
Stockpile	5.808	0.26	14,982	5.264	0.33	17,252
Orebody #3						
Proved and Probable, in pit	19.900	0.28	55,700	18.477	0.31	56,615
Jabiluka #2						
Proved and Probable, in pit	19.532	0.46	90,400	19.532	0.46	90,400

campaign as well as higher than budgeted milling rates. Recovery rates were lower than in 1995 due to the processing of lower mine series ore which contains higher levels of refractory ore.

Unit cash costs of production reduced by over 20 per cent due to economies of scale achieved from increased production, Stage 1 of the plant automation project and the conversion to Caro's Acid.

During September 1995 ERA received permission from the regulatory authorities to use the Orebody #1 pit as a tailings repository. Deposition commenced in August 1996. ERA has paid careful attention to the planning and preparation of the pit to ensure proper drainage and compaction of the tailings. This is important for the future rehabilitation of the area. Innovative procedures have been implemented for the control, recording and surveying of the deposition to allow detailed monitoring by both ERA and the regulatory authorities.

ERA has used the time between mining of Orebody #1 and development of Orebody #3 to rebuild some of its mining equipment. One truck has been completed, another is in progress, as is a loader, water truck, and dozer. Most of this work has been completed on site in the heavy vehicle maintenance section.

RESERVES

During the year the Company completed a review of low grade milling options. Recent price increases make conventional processing of low grade ore profitable. On this basis a decision was made to add the 4PB stockpile with 1.7 million tonnes of ore at a grade of 0.15 per cent U_3O_8 (formerly a below cut-off grade stockpile) to the reserves. Stockpile reserves have increased to 5.8 million tonnes at an average grade of 0.26 per cent U_3O_8 containing 14,982 tonnes U_3O_8.

Reassessment of Orebody #3 took place during the year following additional infill drilling. Total proven and probable reserves are now 19.9 million tonnes at a grade of 0.28 per cent U_3O_8, containing 55,700 tonnes U_3O_8. This compares with the previous assessment of 18.5 million tonnes at a grade of 0.31 per cent U_3O_8 containing 56,615 tonnes U_3O_8.

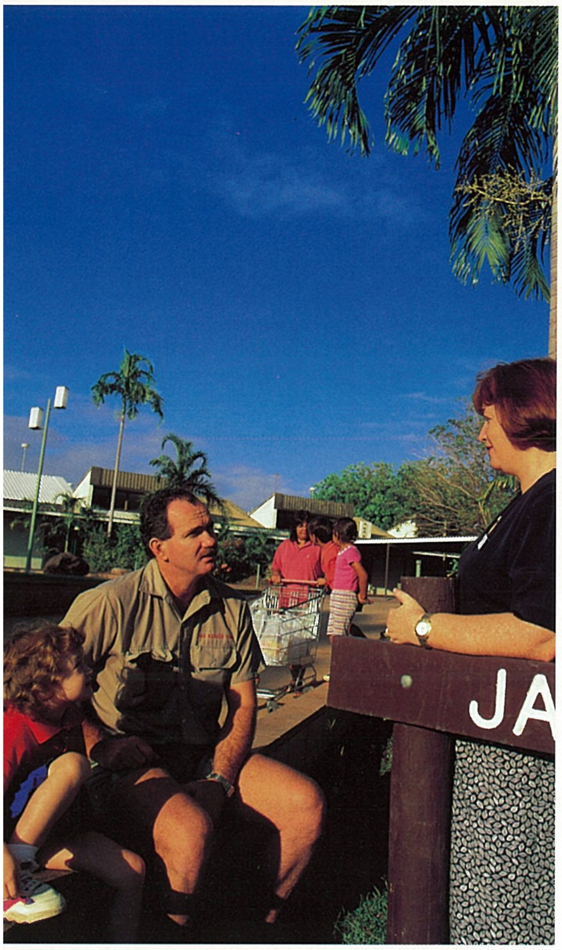
Preparatory work has been undertaken to review the Jabiluka #2 ore resource which is currently estimated to have reserves of 19.5 million tonnes at a grade of 0.46 per cent U_3O_8, containing 90,400 tonnes U_3O_8. Further work will be possible once the exploration decline is driven, for which Government and Aboriginal approval is being sought.

FUTURE ACTIVITIES

In preparation for the commencement of mining of Orebody #3 and plans to produce 5,000 tonnes U_3O_8 a year from July 1997 following the mill capacity expansion, ERA will undertake the purchase of additional mining equipment and the employment and training of additional staff.

Far Left: Rebuilt truck

COMMUNITY



HIGHLIGHTS

- CONSULTATIONS UNDERWAY WITH TRADITIONAL OWNERS THROUGH THE NORTHERN LAND COUNCIL
- ERA SYMPHONY UNDER THE STARS - REFLECTIONS ON THE LAKE

OBJECTIVES

- TO WORK WITH THE JABIRU COMMUNITY TOWARDS INCREASING HOUSING IN THE AREA
- TO CONTRIBUTE TO A SOCIAL AND CULTURAL IMPACT STUDY OF THE REGION

ABORIGINAL OWNERS

In July 1995 the Gundjehmi Aboriginal Corporation was incorporated to represent the interest of the Mirrar Gundjehmi Clan - the Traditional Owners of both the Ranger and Jabiluka leases. Consisting of approximately 24 people all members of the Corporation are also members of both the Gagudju and Djabulukgu Associations.

The Northern Land Council (NLC) determined that all Ranger royalty type payments previously passed on to the Gagudju Association for distribution will now be directed through the Gundjehmi Corporation for at least the 1996 financial year. The matter is under continual review by the NLC.

Royalties of $6.1 million were paid by ERA to the Commonwealth Aboriginals Benefit Trust Account which distributes payments to the Gundjehmi Corporation, Northern Territory Land Councils and Aboriginal communities in the Northern Territory.

During 1996 Ranger continued to utilise the services of the Gagudju and Djabulukgu Associations which provided services including seed collection, provision of tube stock, site maintenance, waste rock revegetation, civil works and earth works. In addition the Company supported the arts and craft outlets of Daluk Daluk and Marrawuddi Galleries in Jabiru and Injalak Arts at Kunbarllanjnja Community. Local Aboriginal people are employed to provide these services.

The impact of Ranger on Aboriginal groups has always been an issue of discussion and debate. The perceived and real social impacts of the Ranger mine are a particular area of concern to the Company. ERA has committed to 50 per cent funding of a comprehensive social and cultural impact study which will be undertaken by representatives of the Government, the NLC, Traditional Owners and the Company. It is anticipated that the study will examine in detail social and cultural issues associated with uranium mining and other impacts on the Aboriginal people of the Kakadu region including tourism.

This study will be undertaken in parallel to the EIS currently being prepared for Jabiluka. It will be in addition to the considerable volume of information collected on this matter during the Fox

Inquiry, in the early years at Ranger and in more recent times from studies into alcoholism in the Kakadu and West Arnhem region.

CONSULTATION WITH TRADITIONAL OWNERS

ERA is required to consult and negotiate with the Traditional Owners through their legal representative, the Northern Land Council.

Negotiations are currently under way on the royalties to apply during the extension of the Ranger Project Authority beyond the year 2000.

Consultations are also taking place on ERA's proposal to develop the Jabiluka #2 Orebody.

TABLE 8: VALUE ADDED — $ million

Year Ended 30 June	1996	1995	1994	1993	1992
Value Added					
Sales & other revenue	**188.6**	149.3	164.6	176.0	182.2
Less cost of materials & services	**69.6**	75.5	84.8	65.4	51.7
Total Value Added (wealth created by ERA)	**119.0**	73.8	79.8	110.6	130.5
Distribution of Created Wealth					
Employees salary & wages	**8.6**	7.5	7.6	7.0	11.2
Government					
- company income tax	**17.8**	23.1	17.8	14.8	30.4
- export levy	**1.5**	1.6	1.2	1.5	4.5
- personal income tax	**3.6**	2.9	3.1	3.0	4.0
- royalties (Aboriginals Benefit Trust Account)	**6.1**	4.0	4.1	5.5	6.2
- royalties (NT Government)	**1.7**	1.1	1.2	1.6	1.8
- other	**2.5**	2.2	2.0	1.9	1.7
- total	**33.2**	34.9	29.4	28.3	48.6
Interest to lenders (net)	**2.3**	2.6	1.8	2.5	2.7
Dividends	**26.7**	217.4*	-	-	16.4
Reinvested in the business					
- depreciation and amortisation	**34.2**	16.4	14.5	15.1	29.3
- retained profit from operations	**14.0**	(205.0)	26.5	57.7	22.3
- total	**48.2**	(188.6)	41.0	72.8	51.6
Total Value Distributed	**119.0**	73.8	79.8	110.6	130.5

* Represents the total amount distributed by the special dividend and the final ordinary dividend. $194.1 million of the special dividend was reinvested in the Company. Both the special dividend and the final ordinary dividend were fully franked.

COMMUNITY

In January the National Australia Day Council (Jabiru subcommittee) awarded ERA the 1996 Community Event Award for the ERA Symphony Under the Stars - Reflections on the Lake concert.

The Darwin Symphony Orchestra played to approximately 1,300 people on the shores of Lake Jabiru in October. The enthusiasm of the orchestra and the community as a whole was overwhelming.

The concert was hosted by ERA and co-sponsored by the local business community. It was presented to the Jabiru community as a tribute to the spirit and natural wonders of Kakadu.

ERA also continued its support of the Chair in Aboriginal Studies at the Northern Territory University.

HOUSING

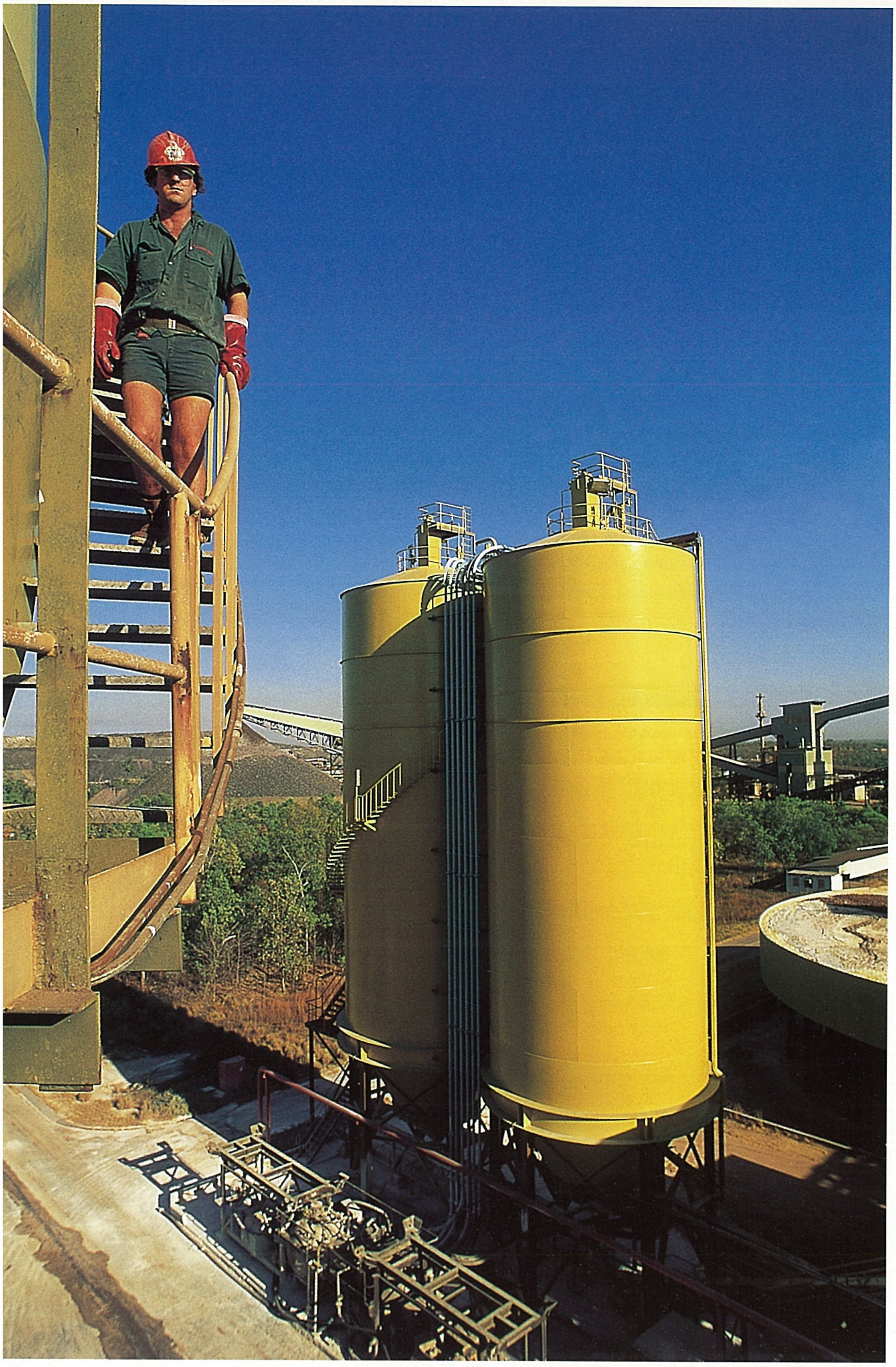
With the impending development of Orebody #3 and resulting increase in housing requirements for new employees, ERA had to notify 35 non-employee tenants that their housing leases would not be renewed after July.

ERA is assisting the Djabulukgu Association in reopening the old ERA Caravan Park to provide additional bungalow type housing to alleviate shortages.

Far left: Rob Manley chats to Jabiru residents outside the Aboriginal Liaison Office in Jabiru

Above right: Touch football training at Jabiru

EMPLOYEES



HIGHLIGHTS

- NEW ENTERPRISE AGREEMENT
- INTRODUCTION OF PERFORMANCE BASED PAY FOR ALL EMPLOYEES
- EMPLOYEE OPINION SURVEY

OBJECTIVES

- TO OBTAIN THE MAXIMUM 5-STAR HEALTH AND SAFETY RATING
- TO ADDRESS ISSUES IDENTIFIED IN THE EMPLOYEE OPINION SURVEY

The new Enterprise Agreement was certified on 25 August 1995. Employees working under the enterprise agreement have been given the opportunity to achieve Performance Objectives. These are measured by achievement of work plans and involve additional pay for performance for those employees who meet their objectives.

Target Based Incentives (TBIs) were introduced for other employees on 1 July 1995. Those employees who meet their goals plus exceed normal work expectations and add value to the Company are eligible to receive bonuses of up to nine per cent.

In late 1995 an employee opinion survey was conducted. Nearly 60 per cent of ERA employees participated in the Survey and recorded a high satisfaction rating for the Company in many areas. In particular ERA's employees believed the Company's sensitivity to its community and the environment was very high.

The survey identified the Company's areas for improvement as including internal communication; autonomy; career development and remuneration/recognition. These key areas have been reviewed and action plans are being implemented.

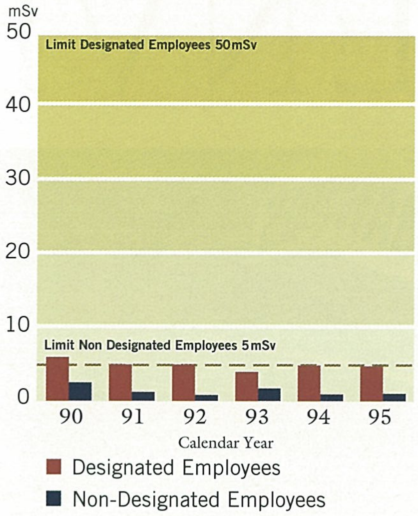
Eight new videos were produced for employees during the year covering first contact safety induction, general induction and recruitment. Training and development expenditure was $301,000. A significant portion of these costs was related to the new performance management systems, management skills training programs, professional development conferences and assistance to employees undertaking self education through universities or other institutions.

There was no time lost at Ranger due to industrial action during the year. Annual employee turnover was 15.3 per cent (1995: 13.5 per cent) and at year end there were 188 people employed at Ranger (1995: 179 people).

HEALTH AND SAFETY

The average radiation dose for designated employees during calendar year 1995 was 4.8 millisieverts (mSv), which is well below the internationally set maximum dose of 50 mSv in any one year or 100 mSv over five years. Non-designated employees received an average dose of 1 mSv - well below the 5 mSv limit. Recommended maximum radiation doses are set by the International Committee on Radiation Protection.

AVERAGE ANNUAL RADIATION DOSES AT RANGER

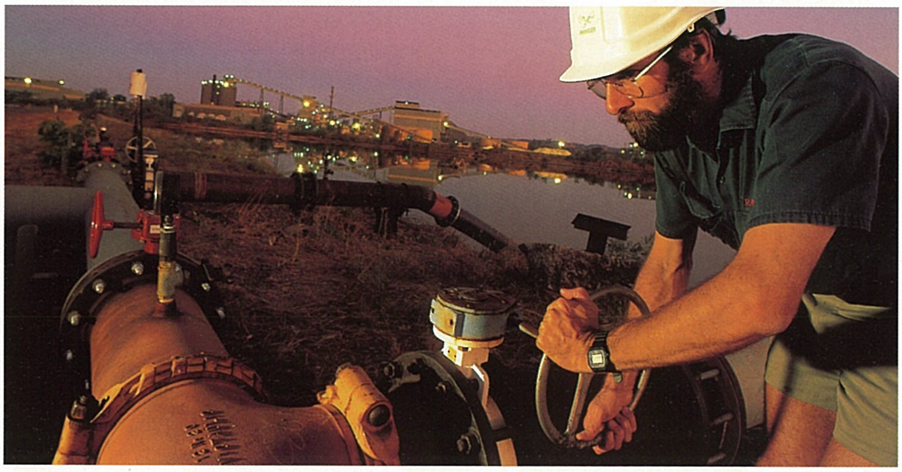


Designated employees generally work in the open pit, process plant and product packing

Jabiru residents received doses of less than 0.03 mSv above background, which again is well below the limit of 1 mSv. Average background in the area is 2 to 3 mSv.

Management has once again targeted safety as a key area and has restructured the Safety, Health and Radiation Protection Department with safety now a direct responsibility of the General Manager - Operations. Ranger's safety performance index (a measure of the severity and frequency of lost time injuries) increased to 133 from 18 in 1995. This follows an increase in lost time injuries during the early part of the year. There were no lost time injuries in the latter half of the year and at year end there were 240 days since the last injury.

The National Safety Council of Australia audited the Ranger site and this year awarded Ranger a 4-Star Rating - down from the maximum 5-Star Health and Safety rating achieved in 1994 and 1995 due to the increase in lost time injuries.



Left: Gerry Callahan at Retention Pond 2

Far left: Michael Marshall, mill operator. The lime storage tanks can be seen on the right of the photo

ENVIRONMENT

HIGHLIGHTS 1996

- GOVERNMENT REVIEWS CONFIRM NO DETRIMENTAL ENVIRONMENTAL IMPACT OUTSIDE MINE AREA
- SUCCESSFUL USE OF WETLAND FILTRATION IN WATER MANAGEMENT
- EIS COMMENCED FOR JABILUKA #2

OBJECTIVES 1997

- TO ENSURE ALL PRECAUTIONS ARE IN PLACE TO PREVENT MAJOR ENVIRONMENTAL INCIDENTS
- TO PREPARE A HIGH QUALITY, WIDELY READ EIS FOR JABILUKA #2
- TO UPDATE WATER MANAGEMENT STRATEGY IN CONSULTATION WITH ABORIGINAL TRADITIONAL OWNERS

WATER MANAGEMENT

The new system of wetland filtration has been very successful.

Wetland filtration involves the use of a constructed or natural wetland with native wetland vegetation to remove contaminants from water by a combination of adsorption on the wetland bed and absorption or uptake by plants and algae. Disposal of the purified filtered water is by irrigation on land application areas.

During the dry season excess water collected in Retention Pond 2 (RP2) from the excessive wet in 1994/95 was purified through the wetland filters and disposed of by spray irrigation. As a result, the low water level targets for RP2 were reached on 29 October 1995 in preparation for the wet season.

The initial overburden removal for Orebody #3 has commenced. In the coming wet season Orebody #3 will be used as a temporary water storage facility, to allow revised water management practices following the conversion of pit #1 to a tailings storage area. The development of Orebody #3 requires the construction of a bund wall around the perimeter of the open pit to prevent the inflow of water from Magela Creek during the wet season.

During the year Ranger received an average rainfall of 1,429 mm and undertook routine releases of water from retention ponds RP1 and RP4.

ERA is continuing work with the Aboriginal Traditional Owners to further improve water management.

ENVIRONMENTAL INCIDENTS

Ten cubic metres of diesel fuel escaped from a tank bund into RP2 in December 1995. The spill was completely contained and no diesel left the site. Unfortunately, common species of water birds were using the retention pond at the time of the spill and 40 died despite the extensive efforts of Ranger employees. Two days later a small amount of the fuel was accidentally released back into the pond leading to a further clean up.

Strict new procedures have been put in place to prevent such incidents recurring.

A tailings pipe has been replaced following two small leaks from the pipe that sprayed outside the Restricted Release Zone (RRZ). These leaks which constitute a divergence from the Ranger General Authorisation were immediately cleaned up and reported to the authorities. There was no environmental impact.

Following these incidents ERA appointed independent risk auditors, Dames and Moore, to undertake an Environmental Hazard Analysis of the whole operation. Dames and Moore found that overall environmental issues at the Ranger mine appear to be very well managed and controlled. They did identify some minor shortcomings which have been rectified.

ENVIRONMENTAL SUPERVISION

Two Environmental Performance Reviews of Ranger were undertaken by the Office of the Supervising Scientist (OSS) and the Northern Territory Department of Mines and Energy. Both of these reviews found no adverse environmental impact outside the mine site.

The 1994/95 Annual Report of the Supervising Scientist released in October 1995 reported that "no significant effects upon the environment were recorded" at the Ranger Mine.

ERA now has over 15 years operating experience at Ranger Mine with no environmental impact outside the Project Area.

ENVIRONMENTAL RESEARCH

ERA has committed to spend at least $1 million per year on research that will improve environmental practice at Ranger. Much of this work is done in conjunction with research institutes.

ERA undertook 40 research projects in 1995/96 totalling $1.5 million and involving six research specialists: CSIRO; Australian Nuclear Science and Technology Organisation; Australian Nature Conservation Agency; Environmental Research Institute of the Supervising Scientist; Newcastle University; and Radiation Dosimetry Systems.

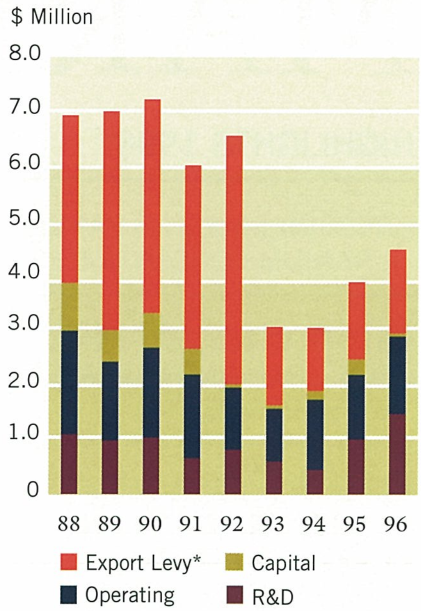
Major research themes were:

- mine production and management practices;
- tailings management practices that ensure efficient deposition, encapsulation and rehabilitation of tailings impoundments;
- technologies for the progressive rehabilitation of stockpiles;
- management strategies for natural processes in the Magela catchment that impact on, or might be affected by, the mining operation; and
- strategies and technologies relating to regional environmental issues such as effective management practices for weeds and fire and development of tourist and educational potential, which may have an impact on mining operations, or the effectiveness and sustainability of agreed end land uses for the mined area and immediate surrounds.

Results from many years of research into wetland filtration were utilised during the 1996 financial year as a method to dispose of excess water during the dry season.

Kinhill Engineers were appointed to prepare the EIS for Jabiluka #2. Much

ENVIRONMENTAL EXPENDITURE



* Replaced in November 1995 by a flat fee indexed for inflation

of the data collection for the EIS has already been completed. Pancontinental Mining Limited conducted extensive research in the production of the initial EIS and ERA collected further data while undertaking the 1993 feasibility study.

ERA ENVIRONMENTAL SERVICES PTY LTD

ERA Environmental Services Pty Ltd (ERAES) consulted extensively to Ranger over the past year assisting with the development of the wetland filtration system and conducting baseline studies and technical investigations for the preparation of the Jabiluka #2 EIS. ERAES also provided services to North Limited's business units and development divisions as well as external organisations.

Projects completed by ERAES during 1996 were valued at $2.7 million, resulting in an operating profit of $91,000 after interest and tax for the year.

Left: Darryl Tambling, Environmental Field Officer

MARKETING

HIGHLIGHTS 1996

- RECORD SALES OF RANGER URANIUM CONCENTRATES
- RESTRICTED SPOT PRICE FOR URANIUM INCREASED BY 39 PER CENT
- FIVE NEW LONG-TERM SALES CONTRACTS AND ONE SHORT-TERM CONTRACT SIGNED

OBJECTIVES 1997

- TO SECURE NEW LONG TERM CONTRACTS AND LOCK IN HIGHER PRICES
- TO INCREASE MARKET SHARE OF RANGER URANIUM CONCENTRATES
- TO MANAGE STOCK LEVELS TO ENSURE SECURITY OF SUPPLY TO CUSTOMERS WHILE MAXIMISING SALES

SALES RECORD ACHIEVED

The company achieved record sales of uranium concentrates during 1996. Total sales increased to 4,232 tonnes U_3O_8 (1995: 3,431 tonnes U_3O_8). Of most significance was the record sales of 3,364 tonnes of Ranger concentrates (1995: 2,013 tonnes U_3O_8). Sales sourced from third parties were 868 tonnes U_3O_8 (1995: 1,418 tonnes U_3O_8).

In the mid-term it is expected that this level of sales will be further increased.

The majority of third party sales were once again supplied through ERA's contract with the Republic of Kazakstan.

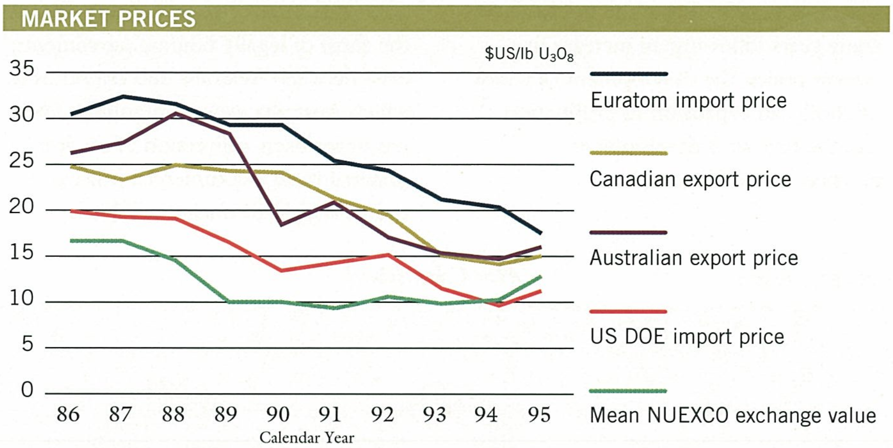
All sales were made under strict international and bilateral safeguard arrangements which ensure the uranium is used for peaceful purposes. The Commonwealth Government's Australian Safeguards Office and the International Atomic Energy Agency oversee these sales.

SPOT MARKET RISES

During 1996 there was a rapid increase in the spot market price marking the most dramatic change since the fall in the mid 80s. The spot price commenced the year at US$11.90 per pound U_3O_8 for the restricted market (western world) and US$7.90 per pound U_3O_8 for the unrestricted market (NIS market - former Soviet Union) but finished the year at

US$16.50 per pound U_3O_8 and US$15.00 per pound U_3O_8 in the restricted and unrestricted markets respectively.

Although the price rises were dramatic, they were not unexpected. The Company had long forecast that with the run down of inventories held by utilities and governments, prices would have to increase to a level sufficient to encourage producers to increase production and invest in new projects in order to meet the anticipated shortfall in supply from 1997.



MARKET ACTIVITY

Demand for uranium concentrates from Western nuclear power stations is forecast to increase by an average of about 1.7 per cent per annum until the year 2000 and one per cent per annum thereafter. The majority of this growth will come from North Asia, with demand relatively flat elsewhere.

On the supply side, it is now generally accepted that the bulk of excess and freely available western world inventory has been depleted resulting in increased demand for fresh mine production.

Although there is an expectation that there will be sufficient supply to meet demand from the year 2000 because of the planned new low cost Canadian and Australian mines together with the entry of uranium from diluted Russian Highly Enriched Uranium, there is some uncertainty with respect to the next three years. This uncertainty is reflected in the rapid price increases during this year. Further increases in uranium prices may be needed to encourage the utilisation of existing surplus operating capacity and to ensure the development of the proposed mines.

NEW CONTRACTS

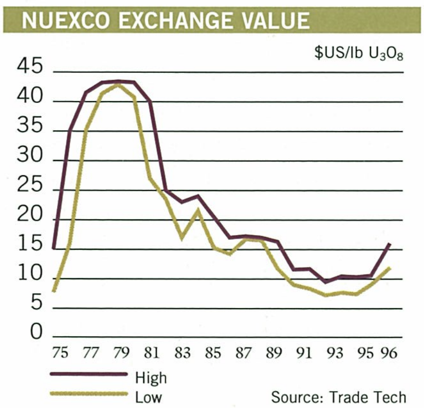
ERA was successful in signing five new long term contracts in 1996. Of these, two separate contracts were signed with the US utility, Georgia Power, for deliveries from 1997 until 2001.

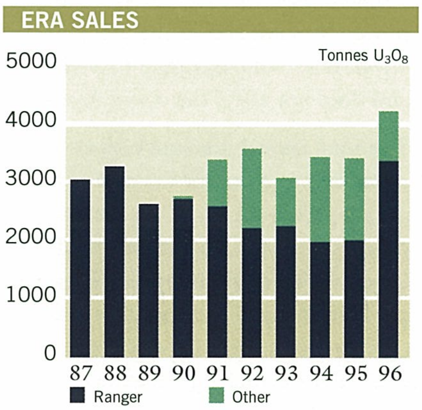
Of major significance was a new ten year contract with the Korea Electric Power Corporation (KEPCO) with deliveries commencing in 1997. This contract is the Company's fourth contract with KEPCO and cements ERA's long term relationship with the primary electricity generator and supplier in this rapidly growing economy.

A further one year contract was signed with Urangesellschaft GmbH with a buyers option to extend the contract a further five years at the end of this period, with further options to extend for a total of sixteen years.

In addition, an expiring contract with a US utility was rolled over for a minimum of three years until 1998.

ERA will continue to target long term contracts. Currently supplying 7.5 per cent of western world U_3O_8 production, ERA aims to increase market share to nine per cent by 2001.





Top left: Loading of U_3O_8 on to the ship for export

Left: Transportation ship

DIRECTORS' OU

The outlook for ERA is the brightest for many years following an increase in market prices, the development of a new Orebody, an expansion in production and the revival of development prospects for Jabiluka #2.

Strict safeguards against military use, in the form of legally binding agreements, exist between Australia and countries to which Australia exports uranium. There has never been a diversion of nuclear material from a commercial nuclear power station to nuclear weapons.

Furthermore the nuclear industry is the only industry that fully contains its waste. The amount of waste produced by nuclear power is small and the technology does already exist for safe disposal deep in bedrock. This technology has not yet been utilised due

Sir Rupert Myers *Alex Carmichael* *Campbell Anderson*

Yuzo Hirono (alternate for Masuo Shibata) *Phillip Shirvington* *Malcolm Broomhead*

to the need to store the waste for 30 to 40 years before burial.

NUCLEAR POWER

Uranium sold by ERA is used only for the generation of clean nuclear electricity. Nuclear power currently provides 17 per cent of the world's electricity generation from 439 nuclear power stations in 32 countries. A further 32 nuclear power stations are under construction.

Uranium represents only a small fraction of the cost of operating a nuclear power station. The main costs are associated with the high priority placed on building extremely safe structures with high-grade materials and technology. Nonetheless the overall cost of nuclear electricity is still very competitive in many markets.

Critics of nuclear energy fail to recognise the environmental benefits nuclear power has to offer. Nuclear power is the only form of non-carbon dioxide producing energy in a position to provide the huge quantities of power required over the next century. Nuclear power does not add to the greenhouse effect, does not contribute to acid rain and does not affect the ozone layer.

The total annual uranium exports from Australia projected for the end of the decade, when consumed in the nuclear power stations of the industrialised West, will be displacing greenhouse gas production equal to Australia's total contribution to greenhouse gases from coal-fired electricity generation at the time.

SUPPLY AND DEMAND

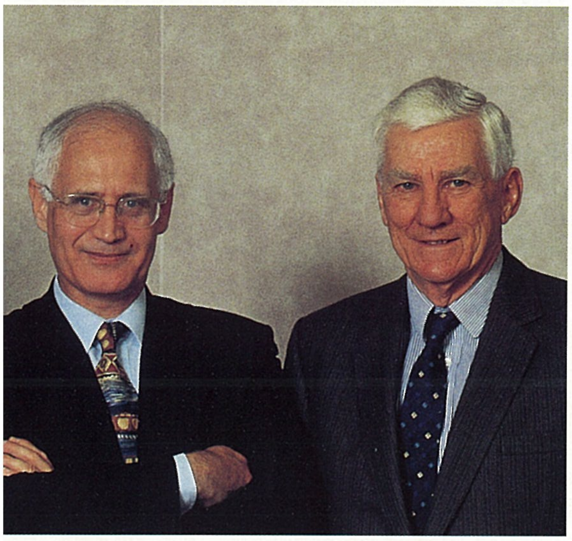
About 71,700 tonnes of uranium oxide concentrate was required to fuel the world's nuclear power stations in 1995. This is expected to grow to 78,400 tonnes by 2000. However in 1995 world production of uranium was only 39,550 tonnes or 54 per cent of reactor requirements. This is very positive for ERA which is one of the few companies in a position to rapidly increase production.

It has been ERA's consistent view since the early 1990s that the market would recover in the second half of the decade, and this has happened. The improving

TLOOK

restricted spot (or trading) price for uranium which has risen nearly 40 per cent in the last year and 80 per cent in the last two years underlies ERA's plans for expansion. As a competitive producer ERA is in an excellent position to capture market share. In this respect,

Yves Coupin



Tom Barlow

both Ranger and Jabiluka are, on a cost of production basis, within the bottom half and probably within the bottom quarter of all mines in the world.

In the past year there have been a number of fundamental developments in the uranium market. First was the resolution of how highly enriched uranium from Russian warheads was to be fed into the market; second was the ongoing decline of western uranium inventories which have kept the market depressed for the last half decade; and third was the continuing decline of availability of NIS (former Soviet Union) origin uranium due to production problems. All of these factors have led to a sustained strengthening of the uranium market.

From 2000 onwards considerable new production capacity will be brought on line to meet the anticipated growth in demand for uranium from western countries.

APPROVALS

In order to capitalise on these developments the Company is working quickly towards gaining all the relevant approvals for its projects.

Environmental approvals are vital to the development of ERA's preferred option for the Jabiluka #2 deposit involving milling Jabiluka ore at Ranger. An approved EIS (1979) already exists for Pancontinental's original concept of a stand-alone mine, mill and tailings dam on the Jabiluka Lease. ERA's excellent environmental record and the experience gained over sixteen years of operations at Ranger gives the Company a head start in preparing a new comprehensive and effective EIS. The EIS is being assessed by the Commonwealth Environment Protection Agency and the Northern Territory Department of Lands, Planning and Environment.

Aboriginal approvals are also essential to the future of ERA. The Northern Land Council acts on behalf of Traditional Owners in the management of their land and in that capacity will be negotiating the agreements for both Jabiluka #2 and the Ranger Project Authority extension.

Aboriginal approval is being sought for the "change of concept" proposed by ERA - that is the change in plans from the original approved plans of Pancontinental. There are specific provisions for this in the 1982 agreement between the Northern Land Council and Pancontinental. This agreement, under Section 43 of the Aboriginal Land Rights Act, has been assigned to ERA.

A comprehensive social and cultural impact study of the region has been initiated by the Commonwealth Government and the Northern Land Council and is supported by the Company. ERA will contribute half the funding of the study and will be represented on the Advisory Group. This study, which will be solution oriented, will address the concerns raised by some of the Traditional Owners regarding the perceived impact of Ranger and future developments on their lifestyles.

ERA is also negotiating an agreement with the Traditional Owners on the royalties to apply to the extension of the Ranger Project Authority beyond 2000. If no agreement can be reached ERA will refer the matter to the Commonwealth Government which can appoint an Independent Arbitrator to determine the royalties.

CONCLUSION

The Company's excellent future prospects are enhanced by its committed and productive workforce with its high standard of skills and health and safety.

ERA is well positioned to maintain and enhance its place as one of the world's major uranium producers by the turn of the century.

INDUSTRY ANA

CALENDAR YEARS

TOP TEN URANIUM MINES - WESTERN WORLD 1995*

MINE	COUNTRY	OWNERSHIP	MINE TYPE	PRODUCTION, THOUSAND TONNES U_3O_8	WORLD PRODUCTION, PER CENT
Key Lake	Canada	Cameco/Uranerz	Open pit	6.44	16.5
Rabbit Lake	Canada	Cameco/Uranerz	Open pit/underground	3.71	9.5
Ranger	**Australia**	**ERA**	**Open pit**	**3.01**	**7.7**
Rössing	Namibia	RTZ (66%)	Open pit	2.37	6.1
Akouta	Niger	COGEMA/Onarem	Underground	2.32	6.0
Cluff Lake	Canada	COGEMA	Open pit/underground	1.43	3.7
Olympic Dam	Australia	WMC	By-product (copper) underground	1.37	3.5
Arlit	Niger	COGEMA/Onarem	Open pit	1.18	3.0
Vaal Reefs	South Africa	Anglo-American (27.6%)	By-product (gold) underground	1.01	2.6
Stanleigh	Canada	Rio Algom	Underground	0.82	2.1
Total				23.66	60.7

* Source: Uranium Institute

URANIUM PRODUCTION AND RESOURCES

	1991	1992	1993	1994	1995	WORLD PRODUCTION 1995, %(2)	WORLD URANIUM RESOURCES <US$80 PER Kg U
	THOUSAND TONNES U_3O_8(1)						
Australia	4.43	2.75	2.67	2.69	4.38	11	462,000
Canada	9.70	11.07	10.82	11.43	12.40	32	277,000
France	2.91	2.51	2.01	1.21	1.16	3	20,000
Kazakstan/Kyrghystan	-	3.30	3.18	2.64	1.92	5	417,000
Namibia	2.89	2.00	1.96	2.26	2.37	6	80,000
Niger	3.50	3.50	3.44	3.51	3.50	9	160,000
Russia(3)	-	3.06	2.83	3.50	2.65	7(4)	127,000
South Africa	1.99	2.09	2.03	1.99	1.68	4	144,000
USA	3.58	2.13	1.53	1.63	2.71	7	114,000
Uzbekistan(4)	-	3.18	3.07	2.50	1.77	5	171,000
Other	19.97	6.45	4.87	4.53	4.44(5)	11(5)	404,700(5)
Total	48.97	42.04	38.37	37.89	38.98	100	2,376,700

1 Production data from the Uranium Institute.

2 Includes production from Eastern Europe, NIS and China.

3 No production data available 1990-1991. Estimated production from NIS included in 'Other'.

4 Includes material from Mongolia.

5 Production data includes Argentina, Belgium, Brazil, Bulgaria, China, Czech Rep, Gabon, Germany, Hungary, India, Pakistan, Portugal, Romania, Spain, Ukraine.

CONVERSION FACTORS

FROM	TO	MULTIPLY BY
U	U_3O_8	1.1793
U_3O_8	U	0.8480
tonnes U	pounds U_3O_8	2,599.8
pounds U_3O_8	kg U	0.3846
tonnes	pounds	2,204.6
pounds	kg	0.4536
tonnes	kg	1,000

LYSIS

NUCLEAR POWER AROUND THE WORLD

COUNTRY	REACTORS OPERATING JUNE 1996 NO.	MWe	REACTORS BUILDING JUNE 1996 NO.	MWe	TWh 1995	NUCLEAR % 1995	TOTAL OPERATING EXPERIENCE TO END 1995 REACTOR YEARS	MONTHS	URANIUM REQUIRED 1995 TONNES U_3O_8
Argentina	2	935	1	692	7.1	12	34	7	170
Armenia	1	376	-	-	< 0.1	-	28	4	-
Belgium	7	5,631	-	-	39.2	56	135	7	1,262
Brazil	1	626	1	1,245	2.5	1	13	9	71
Bulgaria	6	3,538	-	-	17.3	46	83	1	555
Canada	21	14,668	-	-	92.3	17	348	9	1,933
China	3	2,088	2	1,200	12.4	1.2	8	5	357
Czech Republic	4	1,632	2	1,784	12.2	20	38	8	461
Finland	4	2,310	-	-	18.1	30	67	4	575
France	56	58,523	4	5,810	358.6	76	878	10	12,953
Germany	20	22,181	-	-	154.1	29	510	7	4,230
Hungary	4	1,729	-	-	13.2	42	42	2	390
India	10	1,695	4	808	6.5	2	129	1	192
Japan	52	41,244	2	2,442	286.9	33	704	5	9,818
Kazakstan	1	135	-	-	0.1	0.1	22	6	-
Korea RO (South)	11	9,120	5	3,850	63.7	36	100	10	1,986
Lithuania	2	2,760	-	-	10.6	86	20	6	295
Mexico	2	1,308	-	-	8.4	6	7	11	272
Netherlands	2	508	-	-	3.7	5	49	9	126
Pakistan	1	125	1	300	0.5	1	24	3	12
Romania	1	620	1	633	-	-	-	-	-
Russia	29	19,799	3	2,825	99.4	12	526	6	3,390
Slovakia	4	1,632	4	1,552	11.4	44	61	5	450
Slovenia/ Croatia	1	632	-	-	4.6	39	14	3	154
South Africa	2	1,844	-	-	11.3	6	22	3	327
Spain	9	7,125	-	-	53.1	34	147	2	1,609
Sweden	12	10,039	-	-	66.7	47	219	2	1,747
Switzerland	5	3,049	-	-	23.5	40	103	10	755
Taiwan	6	4,884	-	-	33.9	29	86	1	1,092
Ukraine	15	13,045	2	1,900	65.6	38	174	2	1,986
United Kingdom	35	12,788	-	-	77.6	25	1,063	4	2,925
USA	110	100,929	-	-	673.4	22	2,028	8	21,530
Total 1995	439	347,518	32	25,041	2,228	17	7,696.2		71,623
Total 1994	432	340,347	48	38,878	2,130.1	n/a	7,230.8		69,565

Source: the nuclear power reactor data files of ANSTO, based on information to 12 July 1996, but figures for reactors "building" adjusted for Ukraine (+2) and Romania (-3, moved to "planned").
Uranium requirement data from Uranium Institute.
Nuclear % = % of total electricity from nuclear in 1995 (source: IAEA).
Operating experience source: IAEA
Operating = Connected to the grid.

DIRECTORS' REPORT

for the year ended 30 June 1996

The Directors of Energy Resources of Australia Ltd (ERA) present the financial statements of the Company and its controlled entities for the year ended 30 June 1996.

DIRECTORS

The following persons hold office as Directors of ERA at the date of this report:

C McC Anderson, Chairman
M W Broomhead
A Carmichael
Y Coupin, representing holders of B Class shares
(Alternate D Panthout)
T Barlow
Sir Rupert Myers
P J Shirvington, Chief Executive
M Shibata, representing holders of C Class shares
(Alternates H Ohkawa, M Yoshida, K Takai, Y Hirono)

R Knight resigned from the Board on 15 February 1996 and was replaced by T Barlow.

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

Director	Directors' Meetings		Audit Committee	
	No. Attended	No. Held*	No. Attended	No. Held*
C McC Anderson	7	7	4	4
M W Broomhead	7	7	–	–
A Carmichael	7	7	4	4
Y Coupin	–	–	–	–
L Corbier (alternate for Y Coupin)	4	4	2	2
D Panthout (alternate for Y Coupin)	3	3	2	2
R Knight	4	5	–	–
T Barlow	2	2	–	–
Sir Rupert Myers	7	7	4	4
M Shibata	1	1	–	–
H Katsura (alternate for M Shibata)	2	2	–	–
H Umeda (alternate for M Shibata)	1	1	–	–
M Yoshida (alternate for M Shibata)	1	1	–	–
Y Hirono (alternate for M Shibata)	2	2	–	–
P J Shirvington	7	7	–	–

* Reflects the number of meetings held during the time the Director held office in the 1996 financial year.

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

PRINCIPAL ACTIVITIES

The principal activities of ERA and its controlled entities in the course of the financial year consisted of:

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

(ii) providing environmental consulting services through ERA Environmental Services Pty Ltd.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were:

In respect of 1995:

(i) A fully franked special dividend of $2.50 per reconstructed share to A and B Class shareholders was paid on 21 July 1995. C Class shareholders received bonus shares in lieu of the dividend.

(ii) A fully franked final dividend of $0.025 per share was paid on 2 November 1995.

These two dividends were referred to in the Directors' Report for the year ended 30 June 1995.

In respect of 1996:

(i) A fully franked dividend of $0.04 per share was paid on 22 April 1996.

(ii) A fully franked dividend of $0.10 per share was declared on 15 August 1996 payable on 6 November 1996.

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

REVIEW AND RESULTS OF OPERATIONS

The consolidated operating profit after tax for ERA and its controlled entities for the year ended 30 June 1996 was $40.729 million (1995: $12.366 million). Sales revenue for the year ended 30 June 1996 was $180.350 million (1995: $140.034 million).

A full review of the operations of ERA and its controlled entities during the year ended 30 June 1996 and the results of those operations is shown in this Annual Report in the sections entitled Developments (pages 4-5), Finance (pages 6-7), Operations (pages 8-9), Community (pages 10-11), Employees (pages 12-13), Environment (pages 14-15) and Marketing (pages 16-17).

STATE OF AFFAIRS

Debt was reduced during the year through the repayment of US$19 million of Transferable Loan Certificates under the Company's Multiple Option Facility.

The development application for Orebody #3 was approved in May by the Northern Territory Government. ERA began preparatory work on the new Ranger Orebody #3 in order to commence production by July 1997.

In conjunction with this, the Company committed to a 50 per cent mill capacity expansion costing $37,500,000. This will enable production to be increased from approximately 3,500 tonnes U_3O_8 per annum to approximately 5,000 tonnes U_3O_8 per annum. The mill expansion is scheduled to be completed by July 1997.

ERA is currently preparing an Environmental Impact Statement (EIS) for Jabiluka and will need to receive Government, environmental and Aboriginal approvals prior to undertaking development.

INFORMATION ON DIRECTORS

Directors' Qualifications and Experience

C McC Anderson, Chairman, BEc, age 54, was appointed Chairman of ERA in January 1994. He is also Managing Director of North Limited and previously held the position of Managing Director and Chief Executive of Renison Goldfields Consolidated Limited. Mr Anderson is a past President of the Minerals Council of Australia, a Director of the Business Council of Australia and a Director of Ampolex Ltd.

M W Broomhead, BE, MBA, age 43, was appointed to the ERA Board in January 1992 and as Deputy Chairman in February 1994. Mr Broomhead is Executive Director - Operations for North Limited and a Director of the National Association of Forest Industries and is a former Director of Pasminco Limited.

A Carmichael, AO, CBE, BSc, age 59, was appointed to the ERA Board in February 1993 and has been a Director of North Limited since March 1988. Mr Carmichael is also a Director of Sydney Aquarium Ltd, the Australian National Railways Commission and the Price Waterhouse Australasian Partnership.

Y Coupin, age 53, was appointed to the ERA Board in February 1992 at the nomination of the B Class shareholders. Mr Coupin, a mining engineer, is Senior Vice-President-Uranium Division of Compagnie Générale des Matières Nucléaires (COGEMA) and Chairman of Cogema Australia Pty Ltd.

T Barlow, BE(HONS), age 67, was appointed to the ERA Board in February 1996 and has been a Director of North Limited since June 1993. He is a former Executive Director of CRA Ltd and Chairman of Melbourne Water Corporation.

Sir Rupert Myers, KBE, AO, MSc, PHD, DSc(HON), DEng(HON), LLD(HON), DLitt(HON), FTSE, age 75, is a metallurgist and was appointed a Director of ERA in September 1981. Sir Rupert Myers is a former Vice-Chancellor of the University of New South Wales, President of the Australian Academy of Technological Sciences and Engineering and member of the Prime Minister's Science and Engineering Council.

M Shibata, age 66, was appointed to the ERA Board in February 1991 at the nomination of holders of C Class shares. Mr Shibata is Executive Vice-President and Director of The Kansai Electric Power Co Inc and President of Japan Australia Uranium Resources Development Co Ltd (JAURD).

P J Shirvington, MSc, age 55, was appointed Chief Executive and a Director of ERA in March 1994. He previously held the position of General Manager - Marketing and other management positions within ERA since inception. He has a background in nuclear science and research.

The interests of each Director in the share capital of the Company or in a related body corporate as at the date of this report are shown below.

Director	ERA*	NORTH**
C McC Anderson	5,125	29,358 225,000 Options
T Barlow	1,460	2,000
M W Broomhead	–	7,000 150,000 Options
A Carmichael	–	12,381
Sir Rupert Myers	500	–
P J Shirvington	243	21,085 90,000 Options

KEY:
* ERA: Energy Resources of Australia Ltd - shares of 20c each fully paid.
** NORTH: North Limited - shares of 50c each fully paid. (Options to subscribe for shares of 50c each fully paid under the North Limited Share Option Incentive Plan).

POST BALANCE DATE MATTERS

The Company repaid US$21 million of Transferable Loan Certificates on 29 July 1996. The Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Regulation 3.6.05(6) of the Corporations Regulations and amounts in the Financial Statements and pages 1 to 19 of this Annual Report are rounded off to the nearest one thousand dollars in accordance with Section 311 of the Corporations Law and Regulation 3.6.05, unless otherwise indicated.

LIKELY DEVELOPMENTS

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

A review of developments and the expected results for ERA is presented in the sections entitled Developments (pages 4-5) and Directors' Outlook (pages 18-19) in this Annual Report.

DIRECTORS' BENEFITS

No Director of ERA, since 30 June 1995, has received or become entitled to receive a benefit other than Director's remuneration included in note 26 (pages 43-44) forming part of the Financial Statements.

AUDIT COMMITTEE

The Company formed an Audit Committee of the Board of Directors in November 1994. The Audit Committee meets four times per year.

SHARE OPTIONS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

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

The Directors and Secretaries of the Company (named below) have the benefit of the indemnity in Article 179:

C Anderson, T Barlow, M Broomhead, A Carmichael, Y Coupin, (Alternate D Panthout), R Kemp, Sir Rupert Myers, K Oxnam, M Shibata (Alternates K Ohkawa, M Yoshida, K Takai, Y Hirono), P Shirvington.

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

Insurance

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

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

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

INFORMATION ON AUDITORS

KPMG continues in office in accordance with Section 327 of the Corporations Law.

Signed at Sydney this 15th day of August 1996 in accordance with a resolution of the Directors.

C McC Anderson
Director

P J Shirvington
Director

Information on Shareholding

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

C/- KPMG Registrars Pty Ltd
Level 4, 55 Hunter Street
Sydney NSW 2000
(Box 1486 GPO, Sydney 2001)
Telephone: (02) 9232 4211
Facsimile: (02) 9232 3719

CHANGE OF ADDRESS

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

ERA Share Registry
C/- KPMG Registrars Pty Ltd
Level 4, 55 Hunter Street
Sydney NSW 2000
(Box 1486 GPO, Sydney 2001)
Telephone: (02) 9232 4211
Facsimile: (02) 9232 3719

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

INVESTOR INFORMATION

for the year ended 30 June 1996

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year.

The Role of Shareholders

The Company's shareholders are responsible for voting on the appointment of Directors.

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

- preparing quarterly financial reports and making these available to all shareholders;
- advising shareholders from time to time of key issues affecting the Company;
- submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporations Law.

At the Annual General Meeting shareholders receive reports by the Board on the Company's activities.

Composition of the Board

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

The roles of Chairman and Chief Executive are separated on the Board of ERA.

The Board comprises eight Directors, details of which are set out on page 22. Messrs C McC Anderson, M W Broomhead, T Barlow and A Carmichael are Directors of ERA's 68.4 per cent parent Company, North Limited.

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

Mr P Shirvington is ERA's Chief Executive.

Appointment and Retirement of Directors

Under the Company's Articles, B and C Class shareholders, who represent ERA's major customers, have special Director appointing powers, entitling each class to appoint one Director to the Board.

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

Independent Professional Advice

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

There is no formal Board procedure laid down for Directors wishing to seek independent professional advice at the Company's expense, in the furtherance of their duties. Any such request would be a matter for the Board to consider at the time, in the light of the specific circumstances, and having in mind the Article referred to above.

Remuneration Arrangements

ERA does not have a separate Remuneration Committee. However, this function is performed by the North Limited Remuneration Committee which reviews remuneration of Directors (non-executive and executive), senior managers and general remuneration levels, policies and practices across the Group. The Committee met twice during the year.

Further details of Directors' remuneration, superannuation and retirement payments are set out in note 26 to the financial statements.

Audit

ERA's Board has an Audit Committee of non-executive Directors which was formed in November 1994.
The Committee is chaired by Mr C McC Anderson and also comprises Messrs A Carmichael, D Panthout and Sir Rupert Myers. The Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's external audit partners. The Committee met four times during the year.

Among the Committees' responsibilities is the review of the adequacy of existing external audit arrangements, accounting policies and financial reporting and procedures. The appointment of external auditors is a function of the full Board, on the recommendation of the Audit Committee and senior management, and subject to the approval of shareholders.

The Committee receives regular reports from management on the Company's taxation and insurance affairs. The Committee reports to the Board after each meeting.

Risk Management

The Board has put in place a number of arrangements to identify and manage areas of significant risk.

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

Other specific arrangements include:

- guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- guidelines, limits and controls for all financial exposures including the use of derivatives;
- procedures for the incorporation of subsidiaries and the opening of bank accounts;
- a regulatory compliance program;
- an integrated environment, safety and health policy, supported by a set of standards and management systems which recognise the Company's commitment to achieving high standards of environmental, safety and health performance in all its activities;
- a comprehensive annual insurance program, which will be reviewed by the Audit Committee.

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

Ethical Standards

The ERA Board has adopted the North Limited Standards of Business Conduct applying both to the behaviour of executive Directors and employees, and to non-executive Directors. These standards extend beyond prescribed procedures in the Company's Articles, the requirements of company legislation and the Listing Rules of the Australian Stock Exchange and require that all North employees, executive and non-executive Directors act with the highest ethical standards in the discharge of their duties.

Other Key Procedures

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

ANNUAL GENERAL MEETING

ERA holds its Annual General Meeting in October. The 1996 AGM will be held at 10:00am on 17 October 1996, Ballroom 1, The Regent Hotel, 199 George Street, Sydney.

TYPES OF SHARES

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

TAX FILE NUMBERS

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

SHARE REGISTRIES

New South Wales

C/- KPMG Registrars Pty Ltd
Level 4, 55 Hunter Street
Sydney NSW 2000
(Box 1486 GPO, Sydney 2001)
Telephone: (02) 9232 4211
Facsimile: (02) 9232 3719

Victoria

C/- KPMG Registrars Pty Ltd
Collins Wales House
Level 29
360 Collins Street
Melbourne VIC 3001
Telephone: (03) 9250 0250
Facsimile: (03) 9250 0200

Australian Capital Territory

C/- KPMG
80 Northbourne Avenue
Postal Address: GPO Box 799
Canberra City ACT 2601
Telephone: (06) 249 1877
Facsimile: (06) 247 6190

Financial Statements

PROFIT & LOSS ACCOUNTS

for the year ended 30 June 1996

		Consolidated		The Company	
	Note	**1996 $000**	1995 $000	**1996 $000**	1995 $000
Operating profit before abnormal items and Income Tax	2,3	**58,560**	35,424	**58,418**	35,315
Abnormal items	4	–	–	–	–
Operating profit before income tax		**58,560**	35,424	**58,418**	35,315
Income tax attributable to operating profit	4,5	**17,831**	23,058	**17,780**	23,029
Operating profit after income tax		**40,729**	12,366	**40,638**	12,286
Retained profits at the beginning of the financial year		**36,667**	241,652	**36,587**	241,652
Total available for appropriation		77,396	254,018	77,225	253,938
Dividend provided for or paid	7	**26,704**	217,351	**26,704**	217,351
Retained profits at the end of the financial year		**50,692**	36,667	**50,521**	36,587

The above profit and loss accounts should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 1996

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements are a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Law and Schedule 5 to the Corporations Regulations.

These accounts are based on the historical cost accounting convention as practised in Australia and the accounting policies adopted are consistent with those of the previous year, except as otherwise stated.

Principles of Consolidation

The consolidated financial accounts give a view of the economic entity as a whole. A list of controlled entities appears in note 28. All inter-company transactions are eliminated.

Depreciation and Amortisation

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

(i) Individual assets that have a life equal to or longer than the estimated remaining life of the mine are depreciated over a period not longer than the estimated mine life in proportion to ore reserve utilisation;

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

Sales

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

Ranger Project Rights

Ranger Project Rights are amortised over actual production as a proportion of the estimated recoverable reserves.

Inventories

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

Interest Expense

Interest is expensed as incurred except where it relates to specific borrowings for the financing of major projects where it is capitalised up to the date when the asset is substantially completed and ready for its intended use (note 13).

Cash

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

Jabiluka Uranium Resource

The cost of the Jabiluka uranium resource and related development costs are carried forward as exploration and evaluation expenditure to the extent that they are expected

INDEX TO NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

to be recouped through successful development and economic exploitation of the resource. Upon commencement of development such costs will be transferred to mine properties and subsequently amortised against production from that area.

Non-Current Assets

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have been discounted to their present value.

Employee Entitlements

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

Long Service Leave
The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employee's services provided up to the balance date. In assessing the liability for employee entitlements which are not expected to be settled within twelve months, the relevant cash flows have been discounted. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with the staff departures. Related on-costs have also been included in the liability.

Contributions to Superannuation Funds
Any contributions made by the economic entity to existing employee contributory superannuation funds (to provide benefits for employees and their dependants on retirement, disability or death) are charged to the Profit and Loss Account.

Income Tax

Income tax expense for the year is based on pre-tax accounting profit adjusted for items which, as a result of treatment under income tax legislation, create permanent differences between pre-tax accounting profit and taxable income.

To arrive at tax payable, adjustments to income tax expense are made for items which have been included in time periods for accounting purposes which differ from those specified by income tax legislation.

The extent to which timing differences give rise to income tax becoming payable in a different year, as indicated by accounting treatment, is recorded in the Balance Sheet as provision for deferred income tax or future income tax benefit using the applicable tax rate of 36 per cent.

Foreign Currency

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the dates of those transactions. Amounts payable and receivable in foreign currency at balance date are converted to Australian dollars at the exchange rate ruling on that date. Exchange differences arising from the conversion of amounts payable and receivable in foreign currencies are treated as operating revenue and expenses in the period in which they arise.

Exchange differences on the specific hedging of revenue and expense items are deferred until the date of purchase or sale at which time they are included in the measurement of the transactions to which they relate. Costs or gains arising at the time of entering into hedge transactions are accounted for separately and are charged to the Profit and Loss Account over the lives of the hedge transactions.

Derivatives

The Company is exposed to changes in interest rates and foreign exchange rates from its activities. It is Company policy to use derivative financial instruments to hedge these risks. The Company uses forwards, options and interest rate swaps to hedge these risks. Derivative financial instruments that are designated as hedges and are effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure. Gains and losses relating to hedges of specific purchase and sale commitments are deferred and recognised as adjustments to the hedged transactions.

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Where non-current assets are acquired by means of finance leases, the present value of minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Profit and Loss Account in the periods in which they are incurred.

Comparative Figures for 1995

Where necessary, comparative figures for 1995 have been adjusted to conform with changes in presentation in 1996.

	Consolidated		The Company	
	1996 $000	1995 $000	**1996 $000**	1995 $000
2. REVENUE				
Sales revenue	**180,350**	140,034	**179,725**	139,264
Other revenue				
Rehabilitation refund	**7,882**	8,382	**7,882**	8,382
Interest received/receivable	**3,154**[a]	2,464	**3,144**	2,455
Proceeds on sale of non-current assets	**363**	702	**340**	702
Management fees and commissions	–	170	–	170
	191,749	151,752	**191,091**	150,973

[a] Included in Interest received/receivable is $1,649,000 of interest receivable on tax previously paid in respect of Division 3B.

	Consolidated		The Company	
	1996	1995	**1996**	1995
	$000	$000	**$000**	$000
3. OPERATING PROFIT				
The operating profit before abnormal items and income tax is arrived at after charging and crediting the following specific items:				
Charges:				
Amortisation of Ranger Project Rights	**16,789**	7,613	**16,789**	7,613
Depreciation of non-current assets	**17,415**	8,831	**17,398**	8,831
Royalty type expense	**1,737**	1,107	**1,737**	1,107
Payments for Aboriginal interests	**6,105**	3,963	**6,105**	3,963
Rehabilitation fund costs	**20**	24	**20**	24
Auditors' remuneration				
audit of parent and controlled entities	**101**	90	**93**	90
other services	**526**	156	**526**	156
Rent expense on operating leases	**902**	878	**902**	878
Contributions to employee retirement funds	**1**	–	**1**	–
Interest paid/payable to				
other corporations	**5,433**	6,629	**5,433**	6,629
interest capitalised (note 13)	**–**	(1,582)	**–**	(1,582)
Provision for employee entitlements	**2,637**	2,276	**2,449**	2,119
Provision for stores obsolescence	**145**	115	**145**	115
Provision for doubtful debts	**1,432**	163	**1,432**	162
Research and development expenditure	**1,544**	998	**1,544**	998
Loss on disposal of non-current assets	**1,002**	–	**998**	–
Credits:				
Interest received/receivable from other corporations	**3,154**[a]	2,464	**3,144**	2,455
Profit on disposal of non-current assets	**–**	488	**–**	488

[a] Included in Interest received/receivable is $1,649,000 of interest receivable on tax previously paid in respect of Division 3B.

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
4. ABNORMAL ITEMS				
The operating profit after income tax is arrived at after charging/(crediting) the following abnormal items:				
Restatement of deferred tax balances resulting from a change in the income tax rate from 33% to 36% (note 5)	**–**	8,380	**–**	8,387
Refund of tax previously paid in respect of Division 3B (note 5)	**(3,177)**	–	**(3,177)**	–
Income tax overprovided in prior years (note 5)	**(5,847)**	–	**(5,847)**	–

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
5. INCOME TAX				
Income tax is calculated as follows:				
Operating profit before income tax	**58,560**	35,424	**58,418**	35,315
Tax calculated at 36%	**21,082**	11,690	**21,031**	11,654
Tax effect of permanent differences:				
Amortisation of Ranger Project Rights and other non-allowable items	**5,773**	3,003	**5,773**	3,003
Prima facie tax adjusted for permanent differences	**26,855**	14,693	**26,804**	14,657
Income tax overprovided in prior years	**–**	(15)	**–**	(15)
Abnormal items:				
Refund of tax paid in respect of Division 3B Tax Case (note 4)	**(3,177)**	–	**(3,177)**	–
Income tax overprovided in prior years (note 4)	**(5,847)**	–	**(5,847)**	–
Restatement of deferred tax balances resulting from a change in the income tax rate (note 4)	**–**	8,380	**–**	8,387
Income tax expense on operating profit	**17,831**	23,058	**17,780**	23,029

6. FOREIGN CURRENCY

Foreign currency options and hedge contracts in respect of sales proceeds received in United States dollars increased revenue for the year by A$6,590,000 (1995: increased A$4,848,000).

The net exchange gain included in the Profit and Loss Account for the year on the holding of net foreign monetary assets was A$72,000 (1995: gain A$50,000).

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
7. DIVIDENDS				
Franked dividends provided/paid during the period	**26,704**	217,351	**26,704**	217,351
Unappropriated profits which could be distributed as franked dividends using franking credits already in existence or which are expected to arise from income tax payments in the following period	**38,871**	35,639	**38,625**	35,503
8. CASH				
Cash at banks and on hand	**10,770**	13,727	**10,769**	13,470
Short-term deposits (at call)	**–**	3,200	**–**	3,200
	10,770	16,927	**10,769**	16,670
The above figures are reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows as follows:				
Balance as above	**10,770**	16,927	**10,769**	16,670
Add: Short-term deposits (note 9)	**–**	22,500	**–**	22,500
Less: Bank overdrafts (note 15)	**567**	716	**373**	716
Balance per Statements of Cash Flows	**10,203**	38,711	**10,396**	38,454

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
9. CURRENT ASSETS - RECEIVABLES				
Short term deposits	–	22,500	–	22,500
Loans to Directors	23	34	23	25
Trade debtors	61,326	32,242	61,280	32,161
Less provision for doubtful debts[a]	2,640	1,208	2,639	1,207
Other debtors	9,969	13,540	9,897	13,477
Less provision for doubtful debts[b]	30	30	30	30
Amount receivable from ultimate parent entity	134	25	–	–
	68,782	67,103	68,531	66,926

a Bad debts written off against provisions: $Nil (1995: $Nil)
b Bad debts written off against provisions: $Nil (1995: $Nil)

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
10. CURRENT ASSETS - INVENTORIES				
Stores	11,598	11,842	11,598	11,837
Less provision for obsolescence	1,523	1,378	1,523	1,378
	10,075	10,464	10,075	10,459
Ore stockpile	6,464	5,820	6,464	5,820
Work in progress	3,983	1,514	3,983	1,514
Finished product U_3O_8	60,117	64,686	60,117	64,686
At cost	80,639	82,484	80,639	82,479

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
11. CURRENT ASSETS - OTHER				
Prepayments	3,410	4,174	3,409	4,174
Foreign exchange hedge asset on borrowings	–	633	–	633
Foreign exchange hedge asset on debtors	3,355	–	3,355	–
	6,765	4,807	6,764	4,807

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
12. NON-CURRENT ASSETS - INVENTORIES				
Ore stockpile	20,349	27,453	20,349	27,453

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT				
Land – cost	**1**	1	**1**	1
Buildings – cost	**91,585**	91,647	**91,585**	91,647
Less provision for depreciation	**37,860**	34,462	**37,860**	34,462
	53,725	57,185	**53,725**	57,185
Plant and equipment – cost	**346,388**	341,165	**346,150**	341,154
Less provision for depreciation	**150,400**	141,547	**150,371**	141,546
	195,988	199,618	**195,779**	199,608
Mine properties				
Ranger Project Rights – cost	**407,000**	407,000	**407,000**	407,000
Less accumulated amortisation	**134,169**	117,380	**134,169**	117,380
	272,831	289,620	**272,831**	289,620
Exploration and evaluation expenditure				
Jabiluka uranium resource – cost	**125,000**	125,000	**125,000**	125,000
Interest capitalised	**23,438**	23,438	**23,438**	23,438
Jabiluka costs capitalised	**3,819**	3,593	**3,819**	3,593
	152,257	152,031	**152,257**	152,031
Total property, plant and equipment	**674,801**	698,455	**674,592**	698,445

The Directors believe that based on their expectation of future foreign exchange and interest rates, sales prices of uranium and Government approval to sell such uranium, the recoverable amount of non-current assets is in excess of the carrying value of the non-current assets. In determining this recoverable amount future cash flows have been discounted to their present values.

On 1 January 1995 the Company ceased to capitalise interest on the Jabiluka Uranium Resource as the exploration and evaluation phase is substantially complete. The project is now ready for development and is being put on hold pending regulatory approval to commence development.

In accordance with clause 32(2) of schedule 5 of the Corporations Regulations, the Directors believe the above values assigned to land and buildings appropriately reflect current values based on their existing use.

The Ranger Project Rights were acquired from the former Ranger joint venturers. These included rights to receive and sell the concentrates produced from the Ranger Project Area and the benefits of long-term sales contracts previously arranged by certain former venturers.

	Consolidated		The Company	
	1996 $000	1995 $000	**1996 $000**	1995 $000
14. NON-CURRENT ASSETS - OTHER				
Future Income Tax Benefit	**2,939**	–	**2,851**	–
Foreign exchange hedge asset on borrowings	**–**	2,755	**–**	2,755
	2,939	2,755	**2,851**	2,755
15. CURRENT LIABILITIES - CREDITORS AND BORROWINGS				
Unsecured:				
Bank overdraft	**567**	716	**373**	716
Bank loan	**2,500**	3,800	**2,500**	3,800
Transferable loan certificates and bankers' acceptances	**26,613**	15,380	**26,613**	15,380
	29,680	19,896	**29,486**	19,896
Amount owing to related bodies corporate	**73**	9	**528**	14
Amount owing to ultimate parent entity	**427**	1,010	**427**	1,010
Trade creditors	**10,122**	13,343	**9,876**	13,289
Other creditors	**5,283**	3,888	**5,283**	3,888
	15,905	18,250	**16,114**	18,201
	45,585	38,146	**45,600**	38,097
16. CURRENT LIABILITIES - PROVISIONS				
Employee entitlements	**3,219**	2,780	**3,090**	2,619
Warranty	**13**	13	**–**	–
Dividend	**19,074**	23,266	**19,074**	23,266
Income tax	**8,259**	15,466	**8,193**	15,399
	30,565	41,525	**30,357**	41,284
17. CURRENT LIABILITIES - OTHER				
Foreign exchange hedge liability on borrowings	**1,541**	–	**1,541**	–
Foreign exchange hedge liability on debtors	**–**	352	**–**	352
	1,541	352	**1,541**	352

	Consolidated		The Company	
	1996 $000	1995 $000	**1996 $000**	1995 $000
18. NON-CURRENT LIABILITIES - CREDITORS AND BORROWINGS				
Unsecured:				
Transferable loan certificates and bankers' acceptances	**29,147**	72,707	**29,147**	72,707
19. NON-CURRENT LIABILITIES - PROVISIONS				
Employee entitlements	**925**	847	**839**	782
Deferred income tax	**100,579**	105,655	**100,579**	105,741
	101,504	106,502	**101,418**	106,523

The provision for deferred income tax arises from certain costs being allowable for income tax purposes earlier than the time when the corresponding charge is made against book profits. Deductions under Division 10 and Section 51 of the *Income Tax Assessment Act 1936* are the main factors.

20. NON-CURRENT LIABILITIES - OTHER				
Foreign exchange hedge liability on borrowings	**1,926**	–	**1,926**	–
21. SHARE CAPITAL				
Authorised capital comprises:				
750,000,000 shares of $0.20 each (1995: $0.20 each)	**150,000**	150,000	**150,000**	150,000
Issued and paid up capital comprises:				
142,865,446 A Class shares of $0.20 each fully paid (1995: 142,865,446 A Class shares of $0.20 each fully paid)	**28,573**	28,573	**28,573**	28,573
27,573,468 B Class shares of $0.20 each fully paid (1995: 27,573,468 B Class shares of $0.20 each fully paid)	**5,515**	5,515	**5,515**	5,515
20,299,020 C Class shares of $0.20 each fully paid (1995: 20,299,020 C Class shares of $0.20 each fully paid)	**4,060**	4,060	**4,060**	4,060
	38,148	38,148	**38,148**	38,148

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

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
22. RESERVES				
Share Premium	**176,437**	176,437	**176,437**	176,437
Capital Reconstruction	**389,500**	389,500	**389,500**	389,500
	565,937	565,937	**565,937**	565,937
Movements during the year				
Share Premium				
Balance at the beginning of the year	**176,437**	–	**176,437**	–
Add: Premium on A & B Class shares issued	–	179,814	–	179,814
Less: A Class shares issued	–	105	–	105
Less: B Class shares issued	–	1,262	–	1,262
Less: C Class shares issued	–	2,010	–	2,010
Balance at the end of the year	**176,437**	176,437	**176,437**	176,437
Capital Reconstruction				
Balance at the beginning of the year	**389,500**	–	**389,500**	–
Add: Reduction of par value of shares from $1.00 to $0.05	–	389,500	–	389,500
Balance at the end of the year	**389,500**	389,500	**389,500**	389,500

23. CONTINGENT LIABILITIES

Energy Resources of Australia Ltd

ERA has given an undertaking to the Commonwealth Government to rehabilitate the Ranger Project Area after cessation of mining operations. The latest estimated cost of rehabilitation at 31 March 1996 (including a three per cent contingency), should ERA have been required to cease mining was $29,724,000. The excess in the fund of $7,882,000 (note 2) represents the refund recognised in the Financial Statements at 30 June 1996.

Under certain conditions when the minimum price as approved by the Minister for Primary Industries and Energy of the Commonwealth of Australia exceeded the contract price as set out in the sale agreements with certain customers, the customer became entitled to a credit which will reduce the contract price when the contract price exceeds the minimum price of U_3O_8. In the unlikely event that the spot price does not reach US$16 per pound U_3O_8 by December 2005 in the case of one contract, an amount of A$11,216,000 is payable at that time.

Other Persons

ERA has given a guarantee for $1,000,000 to the Northern Territory Government in respect of the rehabilitation of Jabiluka.

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

	Consolidated 1996 $000	1995 $000	The Company 1996 $000	1995 $000
24. COMMITMENTS				
(a) Commitments for capital expenditure Aggregate capital expenditure contracted for, but not provided for in the accounts				
Not later than 1 year	**7,719**	51	**7,719**	51
(b) Lease Commitments				
(i) Operating Leases Aggregate of amounts contracted but not provided for in the accounts:	**2,944**	3,684	**2,944**	3,684
Due within 1 year	**897**	863	**897**	863
Due between 1–2 years	**819**	806	**819**	806
Due between 2–5 years	**1,228**	2,015	**1,228**	2,015
Due after 5 years	–	–	–	–
	2,944	3,684	**2,944**	3,684

(ii) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements the economic entity will be required to outlay an amount of approximately $73,000 in the year ending 30 June 1997 in respect of tenement lease rentals.

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

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

(ii) amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Trust Account pursuant to Section 63(5) of the *Aboriginal Land Rights (N.T.) Act 1976.* These amounts are calculated as though they were royalties payable pursuant to the *Mining Act 1980* of the Northern Territory and represent 4.25 per cent of Ranger net sales revenue (1996: $5,905,000/1995: $3,763,000);

(iii) amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25 per cent of Ranger net sales revenue (1996: $1,737,000/1995: $1,107,000);

(iv) amounts equal to two per cent (or such other rate as the Minister of State for the time being administering Section 41 of the *Atomic Energy Act 1953* may determine) of the payments received by the Company in respect of sales of Ranger uranium concentrates. These amounts are credited to the Ranger Rehabilitation Trust Fund to provide for rehabilitation of the mine site when the fund is in deficit. The fund has not been in deficit since 1989.

	Note	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000

25. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements, including on-costs

	Note	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
– Current	16	**3,219**	2,780	**3,090**	2,619
– Non-Current	19	**925**	847	**839**	782
		4,144	3,627	**3,929**	3,401

Directors' Retirement Allowance
The ERA Directors' Retirement Allowance was approved by shareholders on 18 October 1990 to provide certain benefits to non-executive Directors who have served for three years or less an amount equal to the fees; or longer than three years an amount equal to the statutory three years emoluments plus for each year or part of a year of service exceeding three, an additional amount equal to five per cent of the statutory three years emoluments.

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

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

An actuarial assessment of the plans was last made as at 1 July 1995 by Nerida Schwerkolt FIAA of Sedgwick Noble Lowndes Actuarial Limited. According to the assessment, at the time of the assessment, funds were available to satisfy all benefits that would have vested under each plan in the event of the termination of the plan, or the voluntary or compulsory termination of employment of each employee member.

The funds have employee accrued benefits and assets as follows:

North Superannuation Fund:

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Present value of employees' accrued benefits at 5 November 1993	–	9,528	–	9,528
Present value of employees' accrued benefits at 1 July 1995	**10,270**	–	**10,270**	–

The Directors believe that at 5 November 1993 and 1 July 1995 the net market value of net assets held by the fund were sufficient to meet the present value of employees' accrued benefits.

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Employer Contributions to the Fund	**Nil**	Nil	**Nil**	Nil
Vested benefits at 30 June 1994	–	11,500	–	11,500
Vested benefits at 30 June 1995	**9,260**	–	**9,260**	–

Upon the recommendation of the actuary, as from 1 July 1990 the employer contribution to the North Superannuation Fund was reduced to a nominal level.

26. DIRECTORS' AND EXECUTIVES' REMUNERATION

(i) Remuneration of Directors

The number of Directors of the Company, including Alternate and Executive Directors, who received income or in respect of whom income is due and receivable, from the Company and related bodies corporate (including North Limited), within the following bands are:

	The Company 1996	The Company 1995
$ 20,000 to $ 29,999	3	3
$ 50,000 to $ 59,999	1	–
$ 80,000 to $ 89,999	1	1
$280,000 to $289,999	–	1
$290,000 to $299,999	1	–
$380,000 to $389,999	–	1
$420,000 to $429,999	1	1
$470,000 to $479,999	1	–
$740,000 to $749,999	1	–
$770,000 to $779,999	–	1

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Total remuneration received, or due and receivable by all Directors of the Company from the Company or related bodies corporate:				
the Company			432*	420
related bodies corporate (including North Limited)			1,711	1,595
			2,143	2,015
Total remuneration received, or due and receivable by all Directors of each entity in the economic entity from the Company, related bodies corporate or controlled entities:				
the Company	432	420		
related bodies corporate (including North Limited)	1,711	1,595		
	2,143	2,015		

* Included in this amount is $180,000 (1995: $180,000) of Directors' fees. The balance of $252,000 (1995: $240,000) represents executive remuneration paid to Directors.

The above amounts (including the comparatives) are disclosed in accordance with ASC Class Order 95/741 dated 27 June 1995.

26. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(ii) Remuneration of Executives

The number of executive officers and executive Directors who received income, or in respect of whom income is due and receivable, which equals or exceeds $100,000, from the Company and related bodies corporate, within the following bands are:

	Consolidated		The Company	
	1996	1995	1996	1995
$100,000 to $109,999	1	2	1	2
$110,000 to $119,999	1	1	–	1
$120,000 to $129,999	1	–	1	–
$130,000 to $139,999	–	1	–	1
$150,000 to $159,999	2	–	2	–
$180,000 to $189,999	–	2	–	1
$200,000 to $209,999	2	1	2	1
$210,000 to $219,999	1	1	–	1
$230,000 to $239,999	–	1	–	1
$240,000 to $249,999	2	–	2	–
$280,000 to $289,999	–	1	–	1
$290,000 to $299,999	1	–	1	–

	Consolidated		The Company	
	1996 $000	1995 $000	**1996 $000**	1995 $000
Total remuneration received or due and receivable by these executives from:				
the Company	**1,378**	1,347	**1,153**	1,193
related bodies corporate (including North Limited)	**695**	426	**592**	393
	2,073	1,773	**1,745**	1,586

27. RELATED PARTIES

Related parties of Energy Resources of Australia Ltd fall into the following categories:

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

Ultimate Parent Entity
The ultimate parent entity is North Limited (incorporated in Victoria, Australia) which owns 68.4 per cent of the issued ordinary shares of the Company.

Directors
The names of persons who were Directors of Energy Resources of Australia Ltd at any time during the financial year are as follows:

C McC Anderson, T Barlow, M W Broomhead, A Carmichael, Y Coupin (L Corbier/D Panthout, Alternates), R Knight, Sir Rupert Myers KBE AO, M Shibata (Y Hirono/H Katsura/H Ohkawa/K Takai/H Umeda/M Yoshida, Alternates), P J Shirvington.

Information relating to Directors' remuneration and retirement benefits is set out in note 26.

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

Loans to Directors
Loans to Directors disclosed in note 9 are in respect of employee share schemes for shares in North Limited. These loans were made by Energy Resources of Australia Ltd to W A Davies, K W Lonie, P E McNally, S G O'Sullivan and K M Oxnam who are or were Directors of controlled entities during the year.

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
27. RELATED PARTIES (continued)				
Aggregate movements in loan balances:				
Aggregate loans at the beginning of the financial year	**34**	14	**25**	14
Aggregate loans at the beginning of the financial year for new Directors	**12**	5	**12**	5
Add loans advanced during the financial year	**14**	14	**10**	10
Add/(Less) loans transferred in/(out) from related corporations	**(32)**	5	**(20)**	(1)
Less loan instalments repaid during the financial year	**5**	4	**4**	3
Aggregate loans at the end of the financial year	**23**	34	**23**	25

The loans are interest free and the principal is repaid in equal instalments over a period of not more than 10 years.

The loans are secured by retention of the relative share certificates until such time as the loans are fully repaid.

Director Related Entities
Two Directors of ERA, Mr M Shibata and Mr Y Coupin, are also Directors of Japan Australia Uranium Resources Development Co Ltd (JAURD) and Cogema Australia Pty Ltd respectively.

JAURD directly and Cogema Australia Pty Ltd through related entities, purchased drummed $U_3 0_8$ during the year. All purchases were conducted on commercial terms and conditions.

Total revenue derived from these Director-related entities totalled $65,326,000 (note 29).

Amounts receivable from these Director related entities at 30 June 1996 totalled $25,710,000 (1995: $15,940,000).

Superannuation Fund
Information relating to the economic entity's superannuation fund is set out in note 25.

Other Related Parties

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties were as follows:				
Management fees paid to Ultimate Parent Entity	**822**	–	**822**	–
Consulting Fees paid to Controlled Entities	**–**	–	**2,026**	1,632
Marketing Fees received from Related Corporations	**526**	423	**526**	423
Consulting Fees received from Related Corporations	**454**	112	**–**	–
Net Foreign Exchange Gains from Related Corporations	**1,754**	–	**1,754**	–
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Dividends paid/payable to				
Ultimate Parent Entity	**9,106**	86,355	**9,106**	86,355
Related Corporations	**9,157**	86,841	**9,157**	86,841
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Current Asset – Receivables				
Ultimate Parent Entity	**134**	25	**–**	–
Current Liabilities – Creditors and Borrowings				
Ultimate Parent Entity	**427**	1,010	**427**	1,010
Related Corporations	**73**	9	**73**	14
Controlled Entities	**–**	–	**455**	–

	Class of Share	Interest Held 1996	1995	Place of Incorporation	Parent Investment at Cost $ 1996	1995	Contribution to Consolidated Profit $000 1996	1995
28. INVESTMENTS IN CONTROLLED ENTITIES								
Shares in controlled entities:								
E.R.A. (Canberra) Limited	Ordinary	–	100%	ACT	–	5	–	–
ERA Environmental Services Pty Ltd	Ordinary	**100%**	100%	NSW	**100,000**	100,000	**91**	80
Ranger Uranium Mines Pty Ltd	Ordinary	–	100%	NSW	–	20	–	–
					100,000	100,025	**91**	80

The above controlled entities are wholly owned and no dividends were paid to the parent entity.

E.R.A. (Canberra) Limited and Ranger Uranium Mines Pty Ltd were deregistered during the year.

29. FINANCIAL REPORTING BY SEGMENTS

Geographical Regions

	Consolidated 1996 $000	1995 $000	The Company 1996 $000	1995 $000
Sales revenue is derived from customers in the following geographical areas:				
Australia	**625**	770	–	–
United States	**60,197**	41,161	**60,197**	41,161
Japan	**71,930**	56,597	**71,930**	56,597
Korea	**12,805**	10,119	**12,805**	10,119
Europe	**34,793**	31,387	**34,793**	31,387
	180,350	140,034	**179,725**	139,264
Sales revenue included above from direct shareholder-customers	**65,326**	59,370	**65,326**	59,370

Industries

	Uranium 1996 $000	1995 $000	Consulting 1996 $000	1995 $000	Eliminations 1996 $000	1995 $000	Consolidated 1996 $000	1995 $000
Sales Revenue outside the economic entity	**179,725**	139,264	**625**	770	–	–	**180,350**	140,034
Intersegment Revenue	–	–	**2,026**	1,632	**(2,026)**	(1,632)	–	–
Total Sales Revenue	**179,725**	139,264	**2,651**	2,402	**(2,026)**	(1,632)	**180,350**	140,034
Operating Profit before Tax	**58,418**	35,315	**142**	109	–	–	**58,560**	35,424
Total Assets	**864,595**	899,635	**1,005**	540	**(555)**	(191)	**865,045**	899,984

The group operates predominantly in two industries:

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

(ii) environmental consulting through its wholly owned subsidiary, ERA Environmental Services Pty Ltd.

All operating expenditure is incurred in one geographical area and the assets are based in Australia.

ERA Environmental Services Pty Ltd is a legal entity separate and distinct from Energy Resources of Australia Ltd.

ERA makes no representations, warranties or guarantees in relation to ERA Environmental Services Pty Ltd.

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
30. RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit after income tax	**40,729**	12,366	**40,638**	12,286
Add/(less) items classified as investing/ financing activities:				
(Profit)/loss on sale of non-current assets	**1,002**	(488)	**998**	(488)
Interest paid	**5,433**	4,495	**5,433**	4,495
Interest received	**(3,154)**	(2,585)	**(3,144)**	(2,576)
Add/(less) non-cash items:				
Depreciation and amortisation	**34,204**	16,455	**34,188**	16,455
Net exchange differences	**478**	294	**478**	294
Change in operating assets and liabilities:				
(increase)/decrease in trade debtors	**(32,791)**	(3,315)	**(32,826)**	(3,234)
(increase)/decrease in other debtors	**4,716**	(9,208)	**4,825**	(9,110)
(increase)/decrease in inventories	**8,804**	3,830	**8,799**	3,838
(increase)/decrease in prepayments	**773**	356	**773**	356
(decrease)/increase in trade and other creditors	**(2,121)**	4,050	**(1,864)**	3,995
(decrease)/increase in provision for income taxes payable	**(7,207)**	(6,269)	**(7,206)**	(6,336)
(decrease)/increase in net provision for deferred income tax and future income tax benefit	**(8,016)**	7,581	**(8,013)**	7,668
(decrease)/increase in other provisions	**2,094**	628	**2,105**	389
Net cash inflow from operating activities	**44,944**	28,190	**45,184**	28,032

31. FINANCING ARRANGEMENTS

The economic entity has access at balance date to the following committed and uncommitted drawn down financing facilities:

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Total facilities:				
Bank overdrafts	**1,500**	1,500	**1,500**	1,500
Multiple option facility and bankers' acceptances	**114,054**	121,644	**114,054**	121,644
Bank loans	**20,000**	3,800	**20,000**	3,800
	135,554	126,944	**135,554**	126,944
Used at balance date:				
Bank overdrafts	**567**	716	**373**	716
Multiple option facility and bankers' acceptances	**55,760**	88,087	**55,760**	88,087
Bank loans	**2,500**	3,800	**2,500**	3,800
	58,827	92,603	**58,633**	92,603

	Consolidated		The Company	
	1996	1995	**1996**	1995
	$000	$000	**$000**	$000
31. FINANCING ARRANGEMENTS (continued)				
Unused at balance date:				
Bank overdrafts	**933**	784	**1,127**	784
Multiple option facility and bankers' acceptances	**58,294**	33,557	**58,294**	33,557
Bank loans	**17,500**	–	**17,500**	–
	76,727	34,341	**76,921**	34,341

Interest rates on all facilities are variable.

Bank overdrafts
The bank overdrafts are unsecured and may be drawn at anytime.

The bank overdrafts are payable on demand and are subject to annual review.

Multiple Option Facility and Bankers' Acceptances
Both facilities are subject to a negative pledge agreement.

The Multiple Option Facility is unsecured and amounts can be drawn down at any time by the issue of transferable loan certificates and/or notes over the next year.

Bank Loan
The loan in 1996 is unsecured and may be drawn at any time. It is payable on demand and subject to annual review.

The loan in 1995 was unsecured and subject to a negative pledge agreement and was repaid on 30 June 1996.

32. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

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

	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
United States dollars				
Current – Receivables				
Trade debtors	**27,064**	7,728	**27,064**	7,728
Other debtors	**76**	237	**76**	237
Current – Creditors & Borrowings				
Trade creditors	**1,605**	10,078	**1,605**	10,078

33. EARNINGS PER SHARE

	1996	1995
Basic earnings per share:	**$0.21**	$0.06
Diluted earnings per share:	**$0.21**	$0.06

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 1996: 190,737,934 shares; 1995: 190,728,767 shares.

34. POST BALANCE DATE EVENTS

On 29 July 1996 ERA repaid US$21,000,000 of Transferable Loan Certificates and Notes under the Company's Multiple Option Facility.

STATUTORY STATEMENTS

STATEMENT BY DIRECTORS

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

(a) The Financial Statements set out on pages 28 to 48 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 June 1996, and the state of affairs at 30 June 1996, of the Company and the economic entity;

(b) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and

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

2 The Financial Statements have been made out in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views.

Signed at Sydney this 15th day of August 1996 in accordance with a resolution of the Directors.

C McC Anderson
Director

P J Shirvington
Director

AUDITORS' REPORT

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

Scope

We have audited the Financial Statements of Energy Resources of Australia Ltd for the financial year ended 30 June 1996 consisting of the Profit and Loss Accounts, Balance Sheets, Statements of Cash Flows, accompanying notes, and the Statement by Directors set out on pages 28 to 49.

The Financial Statements comprise the accounts of the Company and the consolidated accounts of the economic entity, being the Company and its controlled entities. The Company's Directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statements, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the Financial Statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the economic entity's financial position and the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the Financial Statements of Energy Resources of Australia Ltd are properly drawn up:

(a) so as to give a true and fair view of:

(i) the state of affairs of the Company and the economic entity at 30 June 1996 and the results and cash flows of the Company and the economic entity for the financial year ended on that date; and

(ii) the other matters required by Divisions 4, 4A and 4B of part 3.6 of the Corporations Law to be dealt with in the Financial Statements.

(b) in accordance with the provisions of the Corporations Law; and

(c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

KPMG
Chartered Accountants

C M Jackson
Partner

Sydney, 15th August 1996

STATUTORY STATEMENTS

STATEMENT BY DIRECTORS

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

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(a) so as to give a true and fair view of:

(i) the state of affairs of the Company and the economic entity at 30 June 1996 and the results and cash flows of the Company and the economic entity for the financial year ended on that date; and

(ii) the other matters required by Divisions 4, 4A and 4B of part 3.6 of the Corporations Law to be dealt with in the Financial Statements.

(b) in accordance with the provisions of the Corporations Law; and

(c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

KPMG
Chartered Accountants

C M Jackson
Partner

Sydney, 15th August 1996

STATEMENTS OF CASH FLOWS

for the year ended 30 June 1996

	Note	Consolidated 1996 $000 inflows (outflows)	Consolidated 1995 $000 inflows (outflows)	The Company 1996 $000 inflows (outflows)	The Company 1995 $000 inflows (outflows)
Cash flows from operating activities					
Receipts from customers		**145,054**	135,614	**145,110**	135,023
Payments to suppliers and employees		**(79,858)**	(85,665)	**(79,747)**	(85,232)
		65,196	49,949	**65,363**	49,791
Income taxes paid		**(31,264)**	(21,759)	**(31,191)**	(21,759)
Rehabilitation Trust Fund refunds		**11,012**	–	**11,012**	–
Net cash inflow from operating activities	30	**44,944**	28,190	**45,184**	28,032
Cash flows from investing activities					
Payments for property, plant and equipment		**(11,362)**	(3,986)	**(11,119)**	(3,976)
Proceeds from sale of property, plant and equipment		**363**	702	**340**	702
Interest received		**1,911**	2,343	**1,901**	2,334
Interest paid and capitalised		**–**	(2,293)	**–**	(2,293)
Jabiluka study costs paid and capitalised		**(226)**	–	**(226)**	–
Investment in subsidiary		**–**	–	**–**	(100)
Net cash outflow from investing activities		**(9,314)**	(3,234)	**(9,104)**	(3,333)
Cash flows from financing activities					
Proceeds from borrowings		**21,724**	6,493	**21,724**	6,493
Repayment of borrowings		**(48,496)**	(46,591)	**(48,496)**	(46,591)
Interest and other costs of finance paid		**(5,992)**	(4,495)	**(5,992)**	(4,495)
Dividends paid		**(30,896)**	–	**(30,896)**	–
Net cash outflow from financing activities		**(63,660)**	(44,593)	**(63,660)**	(44,593)
Net decrease in cash held		**(28,030)**	(19,637)	**(27,580)**	(19,894)
Cash at the beginning of the financial year		**38,711**	57,970	**38,454**	57,970
Effects of exchange rate changes on cash		**(478)**	378	**(478)**	378
Cash at the end of the financial year	8	**10,203**	38,711	**10,396**	38,454

The above statements of cash flows should be read in conjunction with the accompanying notes.

BALANCE SHEETS

as at 30 June 1996

	Note	Consolidated 1996 $000	Consolidated 1995 $000	The Company 1996 $000	The Company 1995 $000
Current Assets					
Cash	8	**10,770**	16,927	**10,769**	16,670
Receivables	9	**68,782**	67,103	**68,531**	66,926
Inventories	10	**80,639**	82,484	**80,639**	82,479
Other	11	**6,765**	4,807	**6,764**	4,807
Total Current Assets		**166,956**	171,321	**166,703**	170,882
Non-Current Assets					
Investments	28	–	–	**100**	100
Inventories	12	**20,349**	27,453	**20,349**	27,453
Property, plant and equipment	13	**674,801**	698,455	**674,592**	698,445
Other	14	**2,939**	2,755	**2,851**	2,755
Total Non-Current Assets		**698,089**	728,663	**697,892**	728,753
Total Assets		**865,045**	899,984	**864,595**	899,635
Current Liabilities					
Creditors and borrowings	15	**45,585**	38,146	**45,600**	38,097
Provisions	16	**30,565**	41,525	**30,357**	41,284
Other	17	**1,541**	352	**1,541**	352
Total Current Liabilities		**77,691**	80,023	**77,498**	79,733
Non-Current Liabilities					
Creditors and borrowings	18	**29,147**	72,707	**29,147**	72,707
Provisions	19	**101,504**	106,502	**101,418**	106,523
Other	20	**1,926**	–	**1,926**	–
Total Non-Current Liabilities		**132,577**	179,209	**132,491**	179,230
Total Liabilities		**210,268**	259,232	**209,989**	258,963
Net Assets		**654,777**	640,752	**654,606**	640,672
Shareholders' Equity					
Share capital	21	**38,148**	38,148	**38,148**	38,148
Reserves	22	**565,937**	565,937	**565,937**	565,937
Retained profits		**50,692**	36,667	**50,521**	36,587
Total Shareholders' Equity		**654,777**	640,752	**654,606**	640,672

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

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS
of A Class Ordinary Shares as at 15 August 1996

Shareholders	Number of Shares Held
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
Permanent Trustee Company Limited	2,368,280
Chase Manhattan Nominees Limited	1,987,330
Pendal Nominees Pty Limited	1,328,735
National Nominees Limited	1,169,148
Westpac Custodian Nominees Limited	624,895
BT Custodians Limited	230,100
NRMA Investments Pty Limited	170,275
Bankers Trust Life Limited	147,029
Reinsurers Investments Pty Limited	107,500
ANZ Nominees Limited	104,939
Clipper Investments Ltd	93,725
QBE Securities Pty Limited	89,911
Icianz Pension Fund Securities Pty Ltd	70,600
QBE Nominees Pty Limited	60,000
Sydney Reinsurance Company Limited	57,456
Whitefield Ltd	51,922
Argo Investments Ltd	50,000
Legener (Australia) Pty Limited	50,000
Total of top twenty holdings	139,211,949

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 97.44 per cent.

Entitlement to Votes

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

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

REGISTER OF SUBSTANTIAL SHAREHOLDERS
Shares held as at 15 August 1996

A Class Ordinary Shareholders	Number of Shares Held
Peko Wallsend Ltd	65,407,896
North Limited *	130,450,104
B Class Ordinary Shareholders	**Number of Shares Held**
Rheinbraun Australia Pty Limited	12,294,348
UG Australia Developments Pty Ltd	7,982,576
Interuranium Australia Pty Ltd	3,776,989
Cogema Australia Pty Ltd **	2,494,555
C Class Ordinary Shareholders	**Number of Shares Held**
Japan Australia Uranium Resources Development Co Ltd	20,299,020

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

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

Stock Exchange Listing

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

The home exchange is Sydney.

DISTRIBUTION OF SHAREHOLDERS as at 15 August 1996

(a) A Class Ordinary Shareholders

Equal to 74.90 per cent of the issued capital

	Number of Shareholders	%	Number of Shares	%
1-1000	7,621	92.33	1,559,063	1.09
1001–5,000	531	6.43	1,070,781	0.75
5,001–10,000	50	0.61	373,771	0.26
10,001–100,000	40	0.48	1,321,004	0.93
over 100,001	12	0.15	138,540,827	96.97
	8,254	100.00	142,865,446	100.00

There were 2,252 holders of less than a marketable parcel of ordinary shares.

(b) B Class Ordinary Shareholders

Equal to 14.46 per cent of the issued capital

	Number of Shares	%
Rheinbraun Australia Pty Limited	12,294,348	44.59
UG Australia Developments Pty Ltd	7,982,576	28.95
Interuranium Australia Pty Ltd	3,776,989	13.69
Cogema Australia Pty Ltd	2,494,555	9.05
OKG Aktiebolag	1,025,000	3.72
	27,573,468	100.00

(c) C Class Ordinary Shareholders

Equal to 10.64 per cent of the issued capital

	Number of Shares	%
Japan Australia Uranium Resources Development Co Limited	20,299,020	100.00
Total Issued Capital	190,737,934	100.00

1996 Objectives listed in ERA's 1995 Annual Report and Outcomes

OBJECTIVE	OUTCOME
FINANCE	
Improve earnings	Earnings before interest and tax increased by 60 per cent.
Maintain optimum debt level	Net debt level increased slightly to $51.5 million.
Reduce Ranger's cash costs of production	Cash costs of production reduced by over 20 per cent.
MARKETING	
Expand market share through sales of Ranger and NIS uranium	Record sales of Ranger uranium.
Secure new sales in the US as spot prices improve	Three new long-term US contracts signed.
MINING & MILLING	
Prepare Ranger #1 as tailings repository	Ranger #1 pit approved by authorities as tailings repository–preparatory work underway.
Resume year round milling	Returned to year round milling in January.
Prepare Orebody #3 for production	Final Government approvals to mine Orebody #3 received–preparatory work underway.
ENVIRONMENT	
Maintain record of no impact on the environment outside the mine site	Biannual reviews conducted by authorities confirmed no impact on environment outside mine site, however an environmental incident occurred on site resulting in the death of 40 birds. Action has been taken to prevent such an incident recurring.
Introduce wetland filtration for water management	Wetland filtration successfully utilised during the dry season.
EMPLOYEES & COMMUNITY	
Improve health and safety standards	Ranger reduced from a 5-Star Health and Safety rating to a 4-Star rating due to an increase in lost time injuries (LTIs) during the early part of the year. There were no LTIs during the latter half of the year.
Continue participation in international safety projects	Ranger continued its involvement in subcommittees of the International Atomic Energy Agency (IAEA).
Introduce target based incentive pay for all staff	Target based incentive pay introduced for all staff.
DEVELOPMENT	
Complete pre-production drilling of Orebody #3	Pre-production drilling of Orebody #3 completed enabling detailed mine planning to be completed.
Finalise production plan for Orebody #3	Production plan finalised for Orebody #3.

from 1 July 1995 to 30 June 1996

ANNOUNCEMENTS

DATE	TITLE
18 July 1995	Quarterly report (30 June 1995)
21 July 1995	Distribution of franking credits completed
18 August 1995	ERA announces $12.4 million profit
18 October 1995	Quarterly production and exploration report (30 September 1995)
29 November 1995	Quarterly profit report (30 September 1995)
16 January 1996	Quarterly production and exploration report (30 December 1995)
15 February 1996	ERA announces 72 per cent increase in half yearly profit
3 April 1996	ERA rejects misleading claims
17 April 1996	Quarterly production and exploration report (31 March 1996)
15 May 1996	ERA receives approvals for Orebody #3
15 May 1996	EIS for Jabiluka #2 - is now in the hands of the Minister for the Environment
22 May 1996	Quarterly profit report (31 March 1996)
20 June 1996	ERA wins tax case
28 June 1996	ERA to undertake 50 per cent mill capacity expansion
28 June 1996	ERA welcomes EIS
1997 FINANCIAL YEAR	
19 July 1996	Quarterly Report to 30 June 1996
15 August 1996	Preliminary Final Statement and Dividend Announcement
17 October 1996	ERA Annual General Meeting
18 October 1996	Quarterly production and exploration report (30 December 1996)
16 January 1997	Quarterly production and exploration report (30 December 1996)
20 February 1997	Half Yearly Report and Dividend Announcement
17 April 1997	Quarterly Report to 31 March 1997
30 June 1997	End of 1997 ERA Financial Year

DIRECTORS

C Anderson	Chairman
M Broomhead	Deputy Chairman
T Barlow	
A Carmichael	
Y Coupin	
Sir Rupert Myers	
M Shibata	
P Shirvington	Chief Executive

SECRETARIES

K Oxnam

R Kemp

MANAGEMENT

P Shirvington	Chief Executive
K Lonie	General Manager - Operations
K Oxnam	Chief Financial Officer
W Davies	General Manager - Marketing
Dr A Milnes	General Manager - ERA Environmental Services

AUDITORS

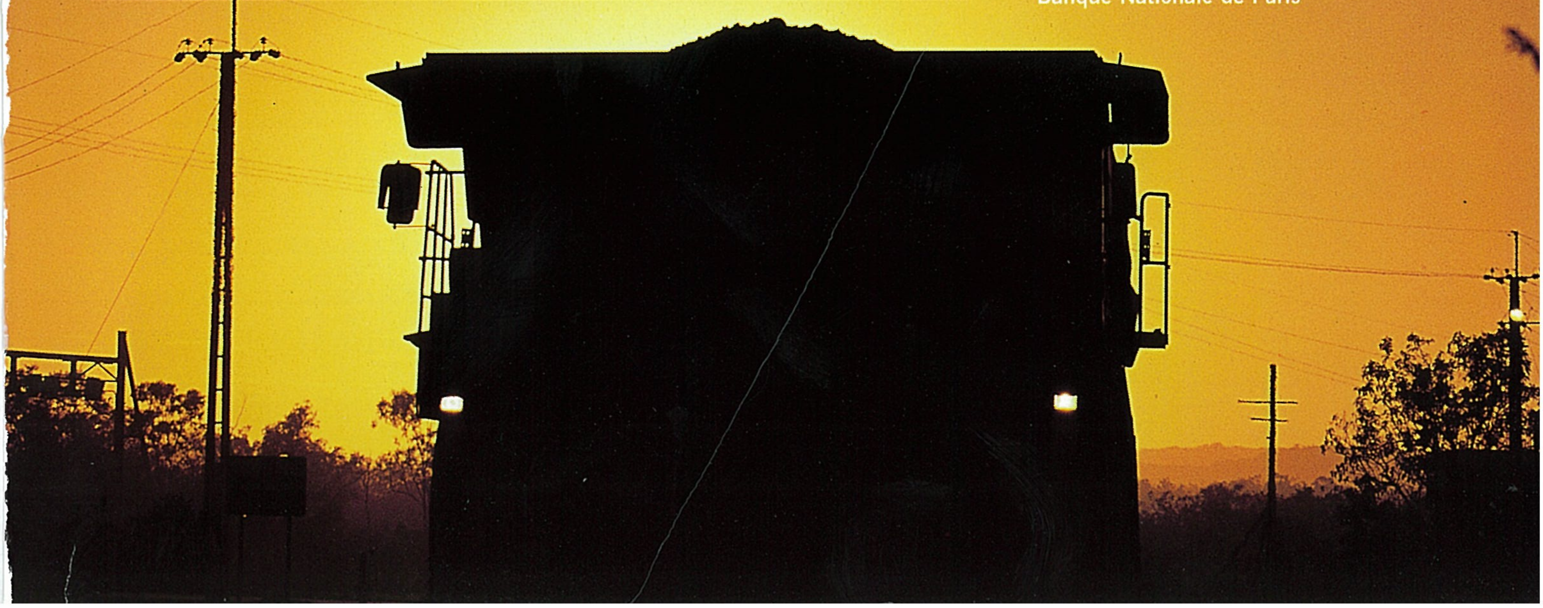
KPMG

BANKERS

Commonwealth Bank of Australia

Westpac Banking Corporation

Banque Nationale de Paris



ERA Energy Resources of Australia Ltd

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Telephone (08) 8938 1211
Facsimile (08) 8938 1203

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60 Marcus Clarke Street
Canberra City
ACT 2601

Telephone (06) 268 3900

PUBLICATIONS AVAILABLE FROM ERA

Nuclear Issues – Briefing Papers (1996)

Aboriginal People and Ranger (1996)

Rehabilitation at Ranger (1992)

Kakadu and Ranger (1992)

The Efficient Use of Energy (1992)

The Ranger Operation (1996)

Training at Ranger (1991)

Health and Safety at Ranger (1991)

Managing Water at Ranger (1990)

Milling Operations (1996)

Geology and Mining (1996)

Ranger and the Environment (1988)

Why Nuclear? (1987)

Towards Safe Disposal of Spent Ranger Uranium Fuel (1986)

ERA Newsletter (quarterly)

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