

ERA

Annual Report 1997



ERA

*Energy Resources
of Australia Ltd*

ACN 008 550 865

Cyril McCartney is a new member of the ERA team. Cyril is a haul truck driver in the Ranger #3 mine.



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.

PROFILE

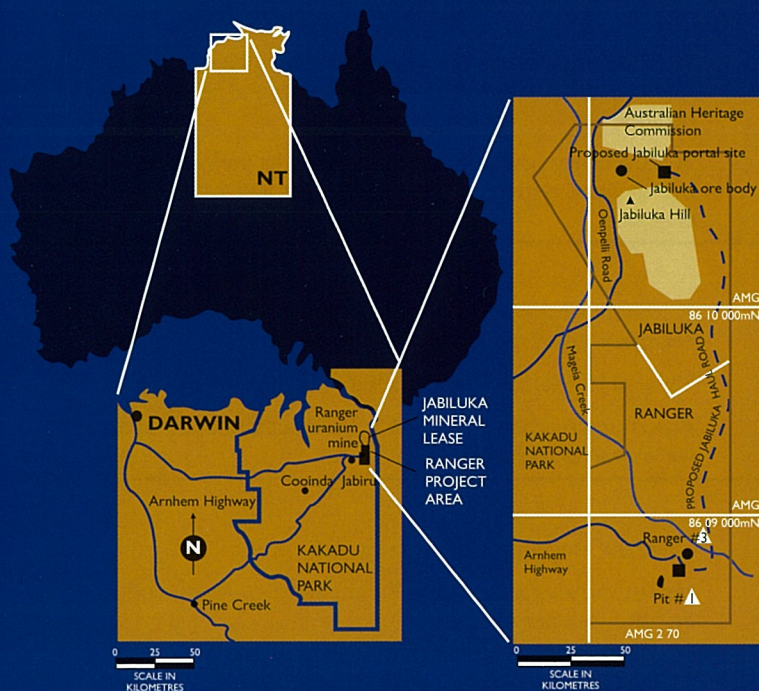
Company Profile

Energy Resources of Australia Ltd (ERA) is a uranium enterprise selling uranium oxide 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 through development of a new ore body and the ownership of a further significant undeveloped uranium ore body for which final approval is currently being sought. Full-scale mining commenced at Ranger #3 during the year and Jabiluka, on an adjoining lease, is proposed to be developed in 1998-2000 pending the necessary approvals.

The Company is intent on maximising profitable sales by maintaining a secure portfolio of medium and long-term sales contracts and is the third-largest uranium mining company in the world.

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.



MISSION

Corporate Mission

ERA'S FUNDAMENTAL OBJECTIVE IS TO INCREASE THE WEALTH OF ITS SHAREHOLDERS THROUGH A COMMITMENT TO:

- FULFILLING THE EXPECTATIONS OF ALL STAKEHOLDERS IN THE COMPANY'S BUSINESS, WITH SPECIAL EMPHASIS ON THE NEEDS OF CUSTOMERS, SAFETY OF EMPLOYEES, THE INTEGRITY OF THE ENVIRONMENT AND THE WELL-BEING OF THE ABORIGINAL COMMUNITY;
- OPEN AND HONEST COMMUNICATION WITH ALL STAKEHOLDERS;
- CONTINUOUS IMPROVEMENT IN MANAGEMENT PRACTICE;
- REALISING THE VALUE OF THE COMPANY'S ASSETS THROUGH DEVELOPMENT OF ITS ORE RESERVES;
- MAXIMISING GROWTH IN PROFITABLE SALES OF URANIUM CONCENTRATES; AND
- IMPROVING EARNINGS AND CASH FLOW.

STRATEGY

Management Strategy

THIS YEAR AND NEXT:

- INCREASE PRODUCTION FOLLOWING THE PLANT CAPACITY EXPANSION;
- MAXIMISE PROFITS THROUGH AN INCREASE IN RANGER SALES AND COST SAVINGS;
- GAIN APPROVAL FOR JABILUKA; AND
- FINALISE LAND FORM FOR THE RANGER SITE TO ENABLE PROGRESSIVE REHABILITATION AND TO COMMENCE DECOMMISSIONING IN SOME AREAS.

BEYOND 1998:

- ERA'S STRATEGY IS TO GROW SUBSTANTIALLY FROM ITS EXISTING BASE THEREBY MOVING DOWN THE UNIT COST CURVE THROUGH ECONOMIES OF SCALE. THIS WILL BE ACHIEVED THROUGH THE MINING OF RANGER #3 AND THE PROPOSED DEVELOPMENT OF JABILUKA.

ACHIEVEMENTS

1996 Objectives and Results

FINANCE

To maximise profits.	Earnings before interest and tax increased by 21 per cent to \$73.8 million.
To continue to reduce Ranger's cash costs of production.	Profit after tax decreased slightly to \$40.4 million due to the favourable resolution of a significant tax case in the previous year. Unit cash costs of production increased marginally due to the reduction in grade of ore processed.
Maintain optimum debt level.	Borrowings increased by 22 per cent to \$75.9 million. A uranium loan was negotiated during the year.

COMMUNITY

To work with the Jabiru community towards increasing housing in the area.	Djabulukgu Association completed 32 new housing units for the Aboriginal community located in the old ERA Caravan Park.
To contribute to a social and cultural impact study of the region.	ERA contributed over half the funding (\$165,000) to the Kakadu Region Social Impact Study (KRSIS).

OPERATIONS

To prepare Ranger #3 for mining in July 1997 and to complete plant expansion by July 1997.	Commenced limited mining of Ranger #3 in October 1996 and commenced full-scale mining in June 1997. Completed plant expansion in August 1997 and commenced increased processing.
To commission in-pit tailings deposition system.	In-pit tailings deposition commenced in August 1996 and has continued, meeting all the technical requirements of the authorities.
To maximise production.	Production increased by 23 per cent to 4,237 tonnes U ₃ O ₈ .

DEVELOPMENT

To prepare Ranger #3 for mining in July 1997 and to complete plant expansion by July 1997.	See "Operations", above.
To obtain approvals for Jabiluka.	The Minister for the Environment is expected to make a recommendation to the Minister for Resources and Energy, regarding the Jabiluka Environmental Impact Statement (EIS), on 22 August 1997.
To extend the Ranger Project Authority beyond 2000.	Negotiations between ERA and the Northern Land Council (NLC) referred to the Commonwealth Government under the terms of the Authority.

EMPLOYEES

To obtain the maximum 5-Star health and safety rating.	With the tragic fatality of a contractor during November, ERA's safety record was marred. A 4-Star health and safety rating was received.
To address issues identified in the employee opinion survey.	The Company has continued to improve its performance management system, career development and succession planning programs.

ENVIRONMENT

To ensure all precautions are in place to prevent major environmental incidents.	A comprehensive environmental management system is in place. No major environmental incident occurred during the year.
To prepare a high quality, widely read EIS for Jabiluka.	The final Jabiluka EIS was submitted to the authorities in June 1997.
To update water management strategy in consultation with Aboriginal Traditional Owners.	Agreement reached with the NLC and authorities on updated water management strategy.

MARKETING

To secure new long-term contracts and lock-in high prices.	One new long-term contract secured.
To increase market share of Ranger uranium concentrates.	Market share increased from 7 per cent of western world demand to 8 per cent.
To manage stock levels to ensure security of supply to customers while maximising sales.	Uranium loan replaced some Ranger buffer stock, releasing Ranger material for sale under existing contracts.

ERA and our PERFORMANCE

AERIAL VIEW OF THE RANGER MINE. FULL SCALE MINING IS NOW BEING UNDERTAKEN AT RANGER #3 AND DEPOSITION OF TAILINGS INTO PIT #1 HAS COMMENCED.

Performance

CHAIRMAN'S & CHIEF EXECUTIVE'S REPORT

Increased sales and increased production cement ERA's position as a market leader

1997

Our highlights in 1997 were...

- PROFIT AFTER TAX OF \$40.4 MILLION
- TOTAL FULLY FRANKED DIVIDENDS OF 14.0 CENTS
- RECORD PRODUCTION AT RANGER OF 4,237 TONNES U₃O₈
- RECORD SALES AT 5,421 TONNES U₃O₈
- FINAL JABILUKA EIS SUBMITTED TO THE AUTHORITIES
- COMMENCED MINING OF RANGER #3
- FIFTY PER CENT PLANT CAPACITY EXPANSION COMPLETED
- SUCCESSFUL DEPOSITION OF TAILINGS IN PIT #1
- SUCCESSFULLY MANAGED WATER SYSTEMS IN WETTEST YEAR SINCE MINING COMMENCED
- SIGNED A NEW ENTERPRISE AGREEMENT WITH EMPLOYEES

1998

Our objectives for 1998 are...

- TO MAXIMISE PROFITS AND SHAREHOLDER VALUE
- TO SECURE JABILUKA APPROVALS
- TO EXTEND RESERVES
- TO WORK CLOSELY WITH THE ABORIGINAL COMMUNITY IN ORDER TO ASSIST LOCAL ABORIGINAL PEOPLE TO ACHIEVE LONG-TERM ECONOMIC INDEPENDENCE
- TO MAINTAIN ERA'S EXCELLENT ENVIRONMENTAL REPUTATION
- TO FURTHER IMPROVE HEALTH AND SAFETY STANDARDS

CAMPBELL ANDERSON, CHAIRMAN, AND
PHILLIP SHIRVINGTON, CHIEF EXECUTIVE



It is pleasing to be able to report another strong year for ERA with profit after tax of \$40.4 million (1996: \$40.7 million – in 1996 ERA's profit after tax benefited from a decreased tax charge due to a tax decision in favour of the Company). Earnings before interest and tax were \$73.8 million (1996: \$60.8 million).

Shareholders were paid an interim fully franked dividend of 6.0 cents on 6 March 1997 and Directors have declared a final fully franked dividend of 8.0 cents to be paid on 24 September 1997. The total dividend of 14.0 cents is the same as paid in the previous year.

This year the Company achieved several major development objectives which will contribute strongly to future growth. Mining has commenced at Ranger #3 and the expansion of the plant will take production to approximately 5,000 tonnes U₃O₈ per year. With Government advice on the Jabiluka Environmental Impact Statement (EIS) due shortly – Aboriginal approvals pending – the future for ERA looks assured.

Record production levels at 4,237 tonnes U₃O₈ (1996: 3,453 tonnes U₃O₈) ensured the Company was also able to continue increasing sales to record levels of 5,421 tonnes U₃O₈ (1996: 4,232 tonnes U₃O₈). ERA supplied 8 per cent of the western world's uranium demand in calendar year 1996 and continued as the world's third-largest uranium producer.

The Company was also able to increase sales due to a uranium loan arrangement with one of its shareholders. It was able to release Ranger concentrates for sale this year under existing contracts by using the borrowed uranium as inventory.

Disappointingly the restricted spot market price ended the year at US\$10.50 per pound U₃O₈ compared with the high levels of US\$16.50 per pound U₃O₈ reached last year. A portion of ERA's long-term contracts are tied in some way to the spot price.

Nevertheless, market fundamentals remain sound and ERA is confident that prices will increase in the long-term. An additional long-term supply contract was signed during the year giving ERA minimum contracts of 23,000 tonnes U₃O₈ over the next ten years.

ERA's position as a top Australian exporting company was recognised when the Company won the 1996 Northern Territory Export Award for Mineral Products.

The Company co-operated fully with the Senate Inquiry on Uranium Mining and Milling and the Committee's findings on the Ranger operations were extremely positive. The majority report supported by the Government and the Australian Labor Party concluded that the findings of the Fox Report, that uranium mining and milling could go ahead, have been vindicated by two decades of experience.

Negotiations with the Aboriginal people on the terms of the extension of the Ranger Project Authority beyond 2000 have been referred to the Government. If the Government is unable to reach a satisfactory arrangement with the two parties, it can appoint an arbitrator.

Limited mining of Ranger #3 commenced in October 1996 with full-scale mining commencing on schedule in June 1997. The expanded plant was completed in August 1997 with production of approximately 5,000 tonnes per year expected for 1997/98. The final cost of the plant expansion is expected to be around \$53 million.

Total capital expenditure for the year was \$73.6 million.

It is with regret that we report the tragic death of a contractor operating a backhoe during construction work on the plant expansion, in November. This is the only fatality that has ever occurred at Ranger and the Company expresses its condolences to the contractor's family.

TABLE 1: SHARES AT 30 JUNE

Year	1997	1996	1995	1994	1993
Shareholders	7,803	8,329	12,095	12,688	13,768
Price, \$ per share					
– year high	6.50	6.25	6.90*	1.92	1.38
– year low	4.65	2.70	1.20	1.25	1.05
– year end	5.90	4.65	2.92**	1.25	1.30

* 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.

Performance

TABLE 2: HIGHLIGHTS

Year ended 30 June	1997	1996	% Change
Financial, \$ million			
Sales Revenue	230.6	180.4	27.8
Earnings before interest and tax	73.8	60.8	21.4
Profit before tax	71.6	58.5	22.4
Income tax expense	31.1	17.8	74.7
Profit after tax	40.4	40.7	- 0.7
Total Assets	924.8	865.0	6.9
Issued Capital	38.1	38.1	-
Capital & Reserves	668.5	654.8	2.1
Earnings per share, cents	21.2	21.4	- 0.7
Return on shareholders' equity, per cent	6.1	6.3	- 2.8
Dividend per share, cents	14.0	14.0	-
Production			
Ore mined, million tonnes	0.709	-	100.0
Ore milled, million tonnes	1.571	1.201	30.8
Mill head grade, per cent U ₃ O ₈	0.311	0.349	- 10.9
Total production tonnes U ₃ O ₈ drummed	4,236.9	3,453.3	22.7
Sales Tonnes			
Ranger concentrates	3,956.3	3,363.9	17.6
Other concentrates	1,464.3	867.6	68.8
Total sales	5,420.6	4,231.5	28.1

Ranger maintained its 4-Star Health and Safety rating and is striving to ensure such a tragic accident cannot, and does not, occur again. Safety and health remain top priority.

Environmentally, the Company performed well with both biannual reviews of the supervising authorities reporting that Ranger had no detrimental impact on the environment outside the mine site. In fact, the Office of the Supervising Scientist submission to the Senate Committee on Uranium Mining and Milling stated: *"The coexistence of a uranium mine with a major national park for over 16 years, with no adverse impact on the ecological integrity of the park, has to be considered a notable achievement."*

The final EIS for Jabiluka was submitted to the Government on 17 June 1997 following an extensive public consultation period ensuring development of the highest standard EIS. The Commonwealth Minister for the Environment is to make a recommendation to the Minister for Resources and Energy on the Jabiluka proposal on 22 August 1997.

If approved, ERA will then undertake negotiations with the Northern Land Council (NLC), which negotiates on behalf of the Traditional Owners, in order to obtain final Aboriginal approval for the

concept of the Jabiluka project. These negotiations will take place under the terms of the original 1982 agreement between Pancontinental and the NLC, which was assigned by the NLC, on behalf of the Traditional Owners, to ERA in 1991.

After the necessary approvals have been received, development work by the Company is expected to commence in May 1998, with production from Jabiluka to be on line by 2000.

The Kakadu Region Social Impact Study Advisory Group presented a report to the Commonwealth Minister for the Environment at the end of July 1997. The Report makes important recommendations for the future of the Aboriginal community in the Kakadu area and ERA is committed to participating in the implementation of these initiatives.

All the achievements of the past year put ERA in a good position to increase its market share and to continue with its strong performance.

Sir Rupert Myers announced that he will retire from the Board prior to the October Annual General Meeting and his contribution to the Company will be missed. The Company would like to thank Sir Rupert for his dedication as a Director since 1981.

OUTLOOK

The outlook for the uranium market is positive with demand over the next five years outstripping supply. (See Uranium Industry section, page 28). Although the spot market price decreased during the year it is expected that the price will increase over the next 18 months.

As a low-cost producer ERA is in an excellent position to participate in this market following the completion of the Ranger #3 development and the expansion of the plant which will increase production capacity to approximately 5,000 tonnes U₃O₈ per year in 1997/98.

However, with a portion of ERA's long-term contracts linked in some manner to the spot price, it is likely that a continuation of the current low prices will result in a reduction in profit after tax in 1997/98.

Financial Performance

1997

Our highlights in 1997 were...

- EARNINGS BEFORE INTEREST AND TAX SHOWED A HEALTHY INCREASE TO \$73.8 MILLION
- PROFITS AFTER TAX WERE \$40.4 MILLION
- SALES REVENUE INCREASED TO \$230.6 MILLION
- REHABILITATION TRUST FUND REFUND OF \$8.5 MILLION
- DIVIDENDS OF 14.0 CENTS PER SHARE

1998

Our objectives for 1998 are...

- TO MAXIMISE PROFITS
- TO MAXIMISE SHAREHOLDER VALUE
- TO MAINTAIN OPTIMUM DEBT LEVEL

PROFITS


Earnings before interest and tax increased by 21 per cent to \$73.8 million (1996: \$60.8 million). Profit for 1997 remained high with profit after tax decreasing slightly to \$40.4 million (1996: \$40.7 million) due to a decreased tax charge in the previous year.

These results can be attributed to a 28 per cent increase in sales volume totalling 5,421 tonnes U_3O_8 (1996: 4,232 tonnes U_3O_8). Sales of Ranger concentrates reached an all-time high of 3,956 tonnes U_3O_8 (1996: 3,364 tonnes U_3O_8), while sales of third party concentrates increased to 1,464 tonnes U_3O_8 (1996: 868 tonnes U_3O_8).

Sales revenue increased by 28 per cent to \$230.6 million (1996: \$180.4 million). The increase in sales revenue, however, was to some extent affected by the decrease in the uranium spot price which started the year at US\$16.50 per pound U_3O_8 but finished at US\$10.50 per pound U_3O_8 . (See Marketing section page 26).

It is expected that next year's profits will decrease due to the effect of the lower spot price on a portion of ERA's long-term contracts.

Unit cash costs of production increased marginally during the year, primarily as a result of a 10.9 per cent decrease in the average grade of ore processed during the year.



ERA WAS ENTITLED TO AN \$8.5 MILLION REFUND FROM THE RANGER REHABILITATION TRUST FUND, REFLECTING THE COMPANY'S COMMITMENT TO ENVIRONMENTAL VALUES. ENVIRONMENTAL TECHNICIANS ROBYN BANACZKOWSKI AND CHÉ FARMER EXAMINE WATER SAMPLES AT RANGER'S ENVIRONMENTAL LAB.

Financial Performance



MILL EXPANSION TEAM MEMBERS BOB BELL (LEFT) AND MARK PORTER AT THE NEW LEACH TANKS – PART OF THE EXPANSION WORKS UNDERTAKEN.

ERA continued its policy of managing its foreign exchange exposure. The A\$/US\$ exchange rate averaged 0.7831 during the year. ERA's average hedged rate of 0.7546 resulted in increased revenue of \$7.6 million.

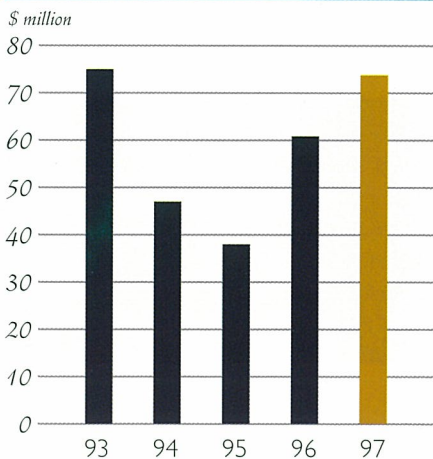
During the year, ERA was entitled to a refund of \$8.5 million (1996: \$7.9 million) from the Ranger Rehabilitation Trust Fund. This arose due to the decrease in the Commonwealth Government's assessment of the cost of carrying out rehabilitation at Ranger largely due to the efficiencies which will result from a new mining fleet

and the purchase of a tailings dredge. The Rehabilitation Trust Fund stood at \$25.8 million at 31 March 1997.

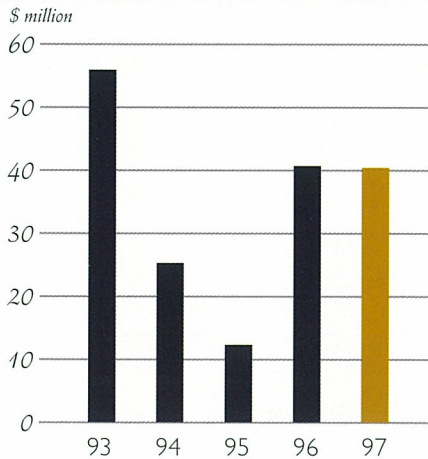
BORROWINGS

A new loan arrangement was negotiated during the year with Japan Australia Uranium Resources Development Co Ltd (JAURD), one of ERA's shareholders, whereby, commencing in February 1997, the Company can borrow up to 1,360 tonnes U₃O₈ over 18 months.

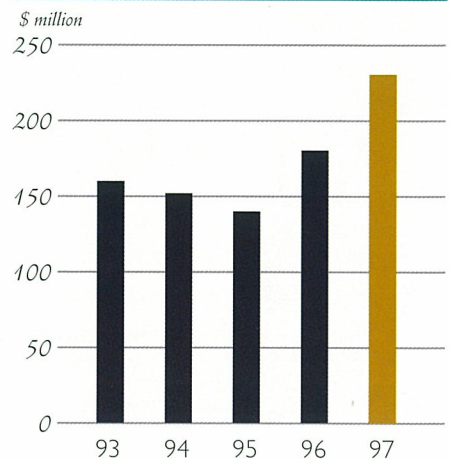
EARNINGS BEFORE INTEREST & TAX



PROFIT AFTER TAX



SALES REVENUE



Approximately one-half of all draw downs will be used to meet existing sales commitments with the profit on these sales being deferred until the time of repayment of the loan. Repayment is scheduled to take place over a four-year period commencing in 2003.

The other half of the loan is being used as buffer stock, thereby allowing Ranger U_3O_8 to be sold under existing contracts. All of the borrowed uranium was originally produced at Ranger and therefore meets all international safeguard requirements.

Uranium concentrate sales made through the direct on-sale of material borrowed under the uranium loan agreement will be repaid from future Ranger production.

The Company's net financial borrowings during the year increased, reflecting the draw down under the uranium loan. Net debt – that is borrowings minus cash – increased to \$68.2 million (1996: \$51.5 million). Borrowings increased to \$75.9 million (1996: \$62.3 million).

During the year, ERA refinanced these borrowings through a US\$60 million

facility with North Finance Limited (NFL) – a wholly owned subsidiary company of ERA's majority shareholder North Limited. Due to ERA's relationship with North, independent finance and legal experts were appointed to review the terms and conditions of the loan. They reported that the terms and conditions (including payment of interest) of the loan from NFL to ERA are no more or less favourable to NFL than those which it is reasonable to expect that ERA would gain by entering into the loan directly if dealing with NFL at arm's length in the same circumstances.



A HAUL TRUCK STOPS AT THE DISCRIMINATOR WHICH DETERMINES WHICH STOCKPILE THE ORE WILL BE TAKEN TO. CAPITAL EXPENDITURE WAS ALLOCATED DURING THE YEAR TO THE UPGRADE OF THE DISCRIMINATOR FOR THE NEW HAUL TRUCKS.

Financial Performance

TABLE 3: PROFIT & LOSS SUMMARY

\$ million

Year ended 30 June	1997	1996	1995	1994	1993
Sales revenue	230.6	180.4	140.0	152.2	159.5
Net expenses	156.8	119.6	102.0	106.1	84.5
Abnormal items	—	—	—	—	—
Earnings before interest & tax	73.8	60.8	38.0	46.1	75.0
Net interest expense	2.2	2.2	2.6	1.8	2.5
Profit before tax	71.6	58.5	35.4	44.3	72.5
Income tax expense	31.2	17.8	23.0	17.8	14.8
Profit after tax	40.4	40.7	12.4	26.5	57.7

TABLE 4: SIMPLIFIED BALANCE SHEET

\$ million

at 30 June	1997	1996	1995	1994	1993
Shareholders' equity	668.5	654.8	640.8	651.7	625.1
Share capital	38.2	38.2	38.2	410.0	410.0
Reserves	565.9	565.9	565.9	—	—
Retained profits	64.4	50.7	36.7	241.7	215.1
Represented by:					
Non-current assets	747.7	698.1	728.7	739.9	757.5
- property, plant & equipment	710.1	674.8	698.5	709.6	717.3
- other	37.7	23.3	30.2	30.3	40.2
Non-current liabilities	131.0	132.6	179.2	189.3	239.3
- creditors and borrowings	27.0	29.1	72.7	90.4	136.0
- other	104.0	103.5	106.5	98.9	103.3
Working capital	51.8	89.3	91.3	101.1	106.9
- cash	7.7	10.7	39.4	58.0	69.5
- net receivables	53.2	52.9	26.3	17.8	36.8
- stock	83.7	80.6	82.5	85.2	88.1
- other	(92.8)	(54.9)	(56.9)	(59.9)	(87.5)
Net assets	668.5	654.8	640.8	651.7	625.1
Earnings per share, cents	21.2	21.4	6.4*	6.5	14.1
Return on shareholders' equity, %	6.1	6.3	1.9	4.2	9.7
Dividends per share, cents	14.0	14.0	252.5	—	—

* Based on reconstructed capital.

CAPITAL EXPENDITURE INCREASES

As predicted last year, ERA's capital expenditure increased significantly to \$73.6 million in 1997 (1996: \$11.9 million).

Approximately \$48 million of this was due to the 50 per cent plant capacity expansion, with the majority of the remaining capital expenditure relating to the development and commencement of limited mining at Ranger #3, the purchase of the new mining fleet, Stage 2 of the plant automation project and the purchase of a dredge for the tailings dam.

It is expected that capital expenditure during 1998 will reduce significantly.

DIVIDENDS

ERA distributed approximately 66 per cent of profits in dividends. An interim fully franked dividend of 6.0 cents was paid on 6 March 1997 (1996: 4.0 cents).

ERA Directors declared a final dividend for the year of 8.0 cents (1996: 10.0 cents). The dividend will be fully franked at 36 per cent and will be paid on 24 September 1997. The record date for the dividend was 10 September 1997.

ERA and the COMMUNITY

ABORIGINAL LIAISON OFFICER PAT CARRICK (RIGHT) SPEAKS WITH ERA ABORIGINAL EMPLOYEE TOM TAMBLING.

Aboriginal employment at Ranger doubles

1997

Our highlights in 1997 were...

- ERA IMPLEMENTED NEW INITIATIVES FOR ABORIGINAL EMPLOYMENT
- KAKADU REGION SOCIAL IMPACT STUDY UNDERTAKEN
- TAKE-AWAY ALCOHOL BANNED FROM THE JABIRU SPORTS AND SOCIAL CLUB

1998

Our objectives for 1998 are...

- TO PARTICIPATE IN THE IMPLEMENTATION OF SPECIFIC INITIATIVES SET OUT IN THE KAKADU REGION SOCIAL IMPACT STUDY
- TO WORK CLOSELY WITH THE ABORIGINAL COMMUNITY TO HELP ESTABLISH NEW ABORIGINAL BUSINESS ENTERPRISES
- TO MONITOR THE RESULTS OF THE BAN ON TAKE-AWAY ALCOHOL

Ranger #3 mining. In fact, employment of local Aboriginal people has doubled during the year from 11 to 22 (now 10 per cent of the Ranger workforce).

ERA has also introduced a new policy which will lead to increased numbers of Aboriginal employees.

This includes:

- sourcing of suitably skilled local Aboriginal people prior to filling a vacancy;
- traineeships are made available to local Aboriginal people;
- a mentor scheme for Aboriginal employees has been introduced;
- more intensive cross-cultural awareness training is being undertaken by all ERA employees; and
- appointment of an Aboriginal Training Coordinator.

ERA is assisting the Aboriginal community to establish contract arrangements or Aboriginal businesses, for work at the mine, in the town and within the region.

ABORIGINAL EMPLOYMENT ABORIGINAL OWNERS

ERA continued to contract the services of the Gagudju and Djabulukgu Associations for assistance with mine site rehabilitation programs and mine site grounds maintenance programs.

In addition, many new Aboriginal employment initiatives are under way.

ERA acknowledges it has not succeeded in providing sufficient employment and training opportunities for local Aboriginal people in the past. ERA is now proactive in the employment and training of Aboriginal people in all recruitment activities and has implemented this policy in recruiting for a new workforce for

In 1997 ERA paid \$6.9 million in royalty type payments to the Commonwealth Aboriginals Benefit Trust Account (ABTA) bringing total payments to ABTA from the Ranger Project to approximately \$132 million. These royalties are distributed to Northern Territory Land Councils, the Northern Territory Aboriginal Community and the local Traditional Owner Associations. During the year the NLC made no final decision as to which Association – the Gagudju or the Gundjehmi – should receive the local royalty payments.

The impact of the Ranger mine on the Aboriginal owners has long been the

GARY STEWART (LEFT), JOHN RANDALL (CENTRE) AND DARRYL TAMBLING IN THE NURSERY AT RANGER.



source of discussion and debate. This debate has, in part, focused on the fact that there has been little improvement in the lifestyles of Aboriginal people in the region, despite royalties being spent on income producing assets and health and education facilities being made available. Notwithstanding these benefits, the Aboriginal community in the Jabiru region suffers from a number of disadvantages that result in an overall low standard of living.

The role of the Ranger mine in relation to the well-being of the Aboriginal community is of concern to ERA. In order to address this issue, the Company provided part-funding for the comprehensive Kakadu Region Social Impact Study (KRSIS). This examined the social and cultural impact of development (including industries such as mining and

tourism) on the lives of the Aboriginal people of the Kakadu region.

The initial Study was undertaken by an Aboriginal Project Committee consisting of local Aboriginal people and final recommendations were prepared by an Advisory Group, independently chaired by Pat Dodson, Chairman of the National Aboriginal Reconciliation Council.

Findings of the KRSIS will be put in place by an implementation committee. The final recommendations are positive initiatives aimed at securing independence for the

local Aboriginal community. ERA is committed to active participation in the implementation of the initiatives set out in the KRSIS.

ERA recognises it must do more to meet the concerns of the Aboriginal owners that have been highlighted during negotiations for Jabiluka and is developing several proposals in order to work with the community towards achieving social and economic independence.

The final Report of a specially commissioned alcohol study in the region – *Gunbang or Ceremonies* by Peter D'Abbs – found that levels of alcohol consumption are more than double the level designated by the National Health and Medical Research Council as being detrimental to health.

The Company, with the support of the Gunbang Action Group which represents eighteen community groups, requested take-away alcohol sales from the Jabiru Sports and Social Club (JSSC) be banned. As the owner of the building, ERA was able to do this when the lease agreement with the JSSC was renewed.

This decision is being monitored and will be reviewed regularly but early indications are that alcohol abuse in the region has significantly reduced. The Company has also provided funding for the appointment of an Alcohol Counsellor to work with the community in addressing alcohol problems.

ERA COMMENCED SPONSORSHIP OF THE KEEP AUSTRALIA BEAUTIFUL COUNCIL SCHOOLS ENVIRONMENT AWARD IN THE NORTHERN TERRITORY. JABIRU AREA SCHOOL WON THE AWARD IN 1996.



TABLE 5: VALUE ADDED

\$ million

Year Ended 30 June	1997	1996	1995	1994	1993
Value Added					
Sales & other revenue	239.9	188.6	149.3	164.6	176.0
Less cost of materials & services	100.9	69.6	75.5	84.8	65.4
Total Value Added (wealth created by ERA)	139.0	119.0	73.8	79.8	110.6
Distribution of Created Wealth					
Employees salary & wages	9.7	8.6	7.5	7.6	7.0
Government					
- company income tax	31.1	17.8	23.1	17.8	14.8
- environmental research contribution	1.5	1.5	1.6	1.2	1.5
- personal income tax	4.5	3.6	2.9	3.1	3.0
- royalties (Aboriginals Benefit Trust Account & NLC)	7.1	6.1	4.0	4.1	5.5
- royalties (NT Government)	2.0	1.7	1.1	1.2	1.6
- other	2.8	2.5	2.2	2.0	1.9
- total	49.1	33.2	34.9	29.4	28.3
Interest to lenders (net)	2.2	2.3	2.6	1.8	2.5
Dividends	26.7	26.7	217.4*	-	-
Reinvested in the business					
- depreciation and amortisation	37.4	34.2	16.4	14.5	15.1
- retained profit from operations	13.8	14.0	(205.0)	26.5	57.7
- total	51.3	48.2	(188.6)	41.0	72.8
Total Value Distributed	139.0	119.0	73.8	79.8	110.6

* 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.

CONSULTATIONS

The Aboriginal Liaison Office of the Company has been expanded and now includes three Officers who are available to members of the community at any time.

In order to help the Aboriginal community better understand the activities of ERA, the Aboriginal Liaison Office produced cassette tapes in the local language explaining Ranger and Jabiluka.

During the year, and under the terms of the Ranger Project Authority, ERA referred its negotiations with the Northern Land Council (NLC) regarding the terms for the extension of the Authority to the Commonwealth Government. If the Commonwealth Government is unable to negotiate a settlement, an arbitrator will be appointed.

At the request of the NLC and the Traditional Owners, the Company postponed negotiations with regard to the

change in concept of the Jabiluka project until after the findings of the KRSIS were announced.

SPONSORSHIP

ERA entered into a new sponsorship arrangement with the Northern Territory Keep Australia Beautiful Council. The Company is now the major sponsor for the Schools Environment Award in the NT. Jabiru Area School won this Australia-wide competition last year. Sponsorship of the Chair in Aboriginal Studies at the NT University also continued.

SENATE INQUIRY

The Senate Inquiry into Uranium Mining and Milling in Australia reported its findings during May. The majority report, including Senators from the Coalition and the Australian Labor Party concluded:

"... that the principal findings of the Ranger Uranium Environmental Inquiry [the Fox Report] has [sic] been vindicated by two decades' experience. Fox stated that: "The hazards of mining and milling uranium, if those activities are properly regulated, are not such to justify a decision not to develop Australian uranium mines."

ERA put forward submissions and evidence to the Committee and was generally pleased with the findings which were supportive of the Company's conduct of operations at Ranger.

OPERATIONS

ERA *and our*

ERA EMPLOYEE SCOTT WALKER EXAMINES THE NEW LEACH TANKS AT RANGER WHICH ARE PART OF THE PLANT EXPANSION.



Operations

YEAR-ROUND OPERATIONS

Record production levels reached

1997

Our highlights in 1997 were...

- COMMENCED LIMITED MINING OF RANGER #3
- PLANT THROUGHPUT AND OUTPUT AT ALL-TIME HIGH
- COMMENCED STAGE TWO OF PLANT AUTOMATION

1998

Our objectives for 1998 are...

- TO UNDERTAKE FULL-SCALE MINING OF RANGER #3
- TO INCREASE PRODUCTION TO APPROXIMATELY 5,000 TONNES U_3O_8
- TO TRANSFER 1.0 MILLION CUBIC METRES OF TAILINGS FROM THE TAILINGS DAM TO PIT #1
- TO REDUCE CASH COSTS OF PRODUCTION WHILE MAINTAINING STOCKPILE GRADE

PROCESSING

Despite the 50 per cent plant capacity expansion taking place during the year (see Development – page 18) production from the existing plant reached record levels at 4,237 tonnes U_3O_8 for 1997. Production was undertaken for the full year.

The increased plant performance can be attributed to stage two of the plant automation process which gives more control over the grinding, leaching and washing processes. Fibre optic cabling was also installed reducing the threat from lightning strikes which have the potential to cause significant downtime in the plant.

During the year, the plant returned to the use of pyrolusite as an oxidant, replacing Caro's Acid, due to mixing problems. Test work on improving the mixing efficiency in the leach tanks is ongoing and the use of Caro's Acid in the long term is still being pursued.

Unit cash costs of production increased slightly during 1997 due to a reduction in the grade of the ore processed.


Feed to the mills consisted of 1.52 million tonnes of primary ore at a grade of 0.31 per cent U_3O_8 blended with 0.052 million tonnes of lateritic ore at 0.25 per cent U_3O_8 . Feed was blended from stockpiled Ranger #1 and Ranger #3 ore.

RESERVES

Stockpiled reserves from Ranger #1 and Ranger #3 ore at year end were five million tonnes of ore at 0.24 per cent U_3O_8 containing 11,700 tonnes U_3O_8 .

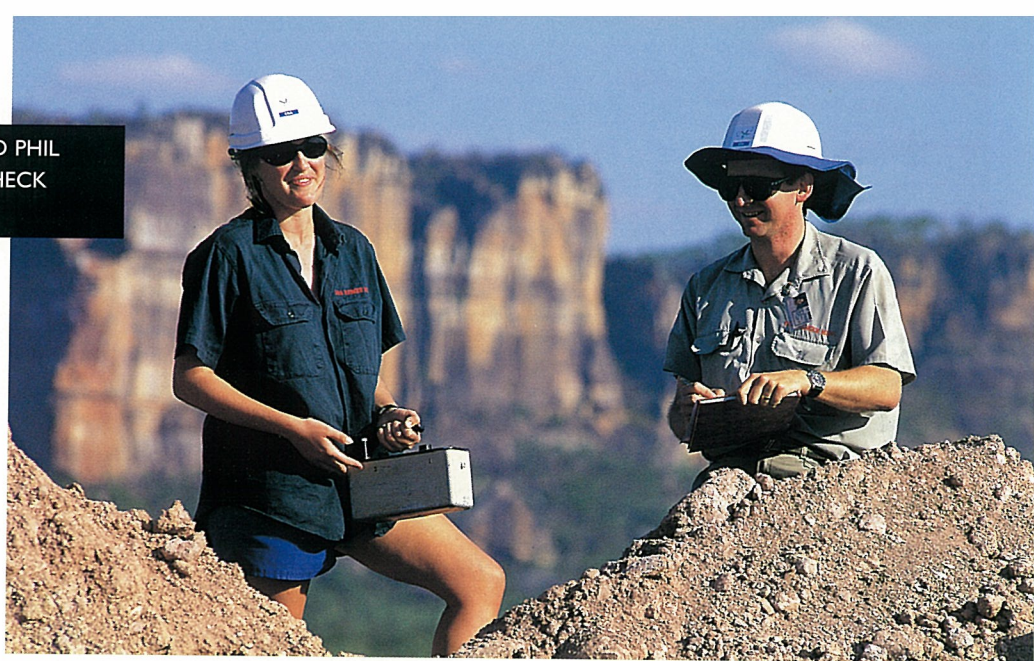
RETURN TO MINING

During October 1996, the Company commenced limited mining of Ranger #3 (see Development – page 18) and for the first time since campaign mining and processing began in 1991, ERA undertook mining and processing operations concurrently. 4.621 million tonnes of overburden were removed and 709,000 tonnes of ore were mined during the period April 1996 to 30 June 1997.



KEVIN CHILDS INSPECTS THE NEW BALL MILL AT RANGER. THE NEW MILL WILL INCREASE PRODUCTION CAPACITY SIGNIFICANTLY.

GEOLOGISTS KYLIE PRENDERGAST AND PHIL SAVORY USE A SCINTILLOMETER TO CHECK THE ORE STOCKPILE AT RANGER.



Limited mining of Ranger #3 resulted in 709,000 tonnes of ore, containing 1,654 tonnes U_3O_8 , being added to the stockpiles at a grade of 0.233 per cent U_3O_8 . The Ranger #3 mine still contains 18.8 million tonnes of ore, containing 53,400 tonnes U_3O_8 , at a grade of 0.28 per cent U_3O_8 .

Jabiluka reserves are still estimated to be 19.5 million tonnes of ore, containing 90,400 tonnes U_3O_8 , at a grade of 0.46 per cent U_3O_8 . The Jabiluka ore body has not yet been fully explored due to its depth, and it is possible more uranium is contained deeper in the ore body.

TAILINGS MANAGEMENT

Since August 1996 ERA has been placing tailings in the mined-out Pit #1. This has been very successful with all the regulatory requirements for this operation being met or exceeded. Dredging has begun to transfer the beached area of the tailings dam into Pit #1 to increase the evaporative area of the tailings dam.

Extensive research is currently taking place into the best method to dispose of the tailings from the tailings dam: through capping of the tailings dam; or transfer of the tailings dam tailings into the mined-out open pits. A report on this issue, taking into consideration Best Practicable Technology, will be submitted to the authorities in the first half of 1998.

FUTURE ACTIVITIES

The final stage of the plant automation process will be undertaken during 1998. This, combined with the plant expansion, will lead to a significant increase in production capacity. At the same time full scale mining of Ranger #3 will ensure ERA remains one of the world's leading uranium mining companies.

TABLE 6: MILLING

YEAR ENDED 30 JUNE	1997	1996	1995	1994	1993
Ore milled, million tonnes					
from mine	—	—	—	—	0.004
from stockpile	1.571	1.201	0.578	0.437	0.422
total ore milled	1.571	1.201	0.578	0.437	0.426
Mill head grade, per cent U_3O_8	0.311	0.349	0.345	0.389	0.348
Milling rate, tonnes per hour	196.0	186.4	173.1	165.5	149.9
Mill recovery, per cent	85.51	85.11	82.90	85.69	90.56
Total production, tonnes U_3O_8	4,236.9	3,453.3	1,548.2	1,461.8	1,335.1
Product grade, per cent U_3O_8	98.71	99.19	98.70	98.63	98.77

TABLE 7: MINING

YEAR ENDED 30 JUNE	1997	1996	1995	1994	1993
					million tonnes
Ore mined, cut off grade 0.20% U_3O_8					
to process plant	—	—	—	—	0.004
to stockpile	0.709	—	0.841	0.712	0.826
total ore mined	0.709	—	0.841	0.712	0.830
Low grade mineralisation	2.772	—	1.324	1.771	1.942
Construction material	—	—	—	—	—
Waste rock	1.849	—	0.404	0.980	1.102
Total tonnes mined	5.330	—	2.569	3.463	3.874

TABLE 8: ERA ORE RESERVES

AT 30 JUNE	1997			1996		
	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
Stockpile						
Stockpile	5.0	0.24	11,700	5.8	0.26	14,982
Ranger #3						
Proved and Probable, in pit	18.8	0.28	53,400	19.9	0.28	55,700
Jabiluka						
Proved and Probable, in pit	19.5	0.46	90,400	19.5	0.46	90,400

Note: The ore reserves have been compiled by P. Savory (Ranger stockpile and Ranger #3) and B. Tulloch (Jabiluka). Both are Competent Persons as defined in Appendix 5A of the ASX Listing Rules and this report accurately reflects the information compiled by them.

Development

MAJOR DEVELOPMENTS COMPLETED

Major developments completed

1997

Our highlights in 1997 were...

- COMPLETED DEVELOPMENT OF RANGER #3
- PLANT CAPACITY EXPANSION UNDERTAKEN
- JABILUKA EIS COMPLETED

1998

Our objectives for 1998 are...

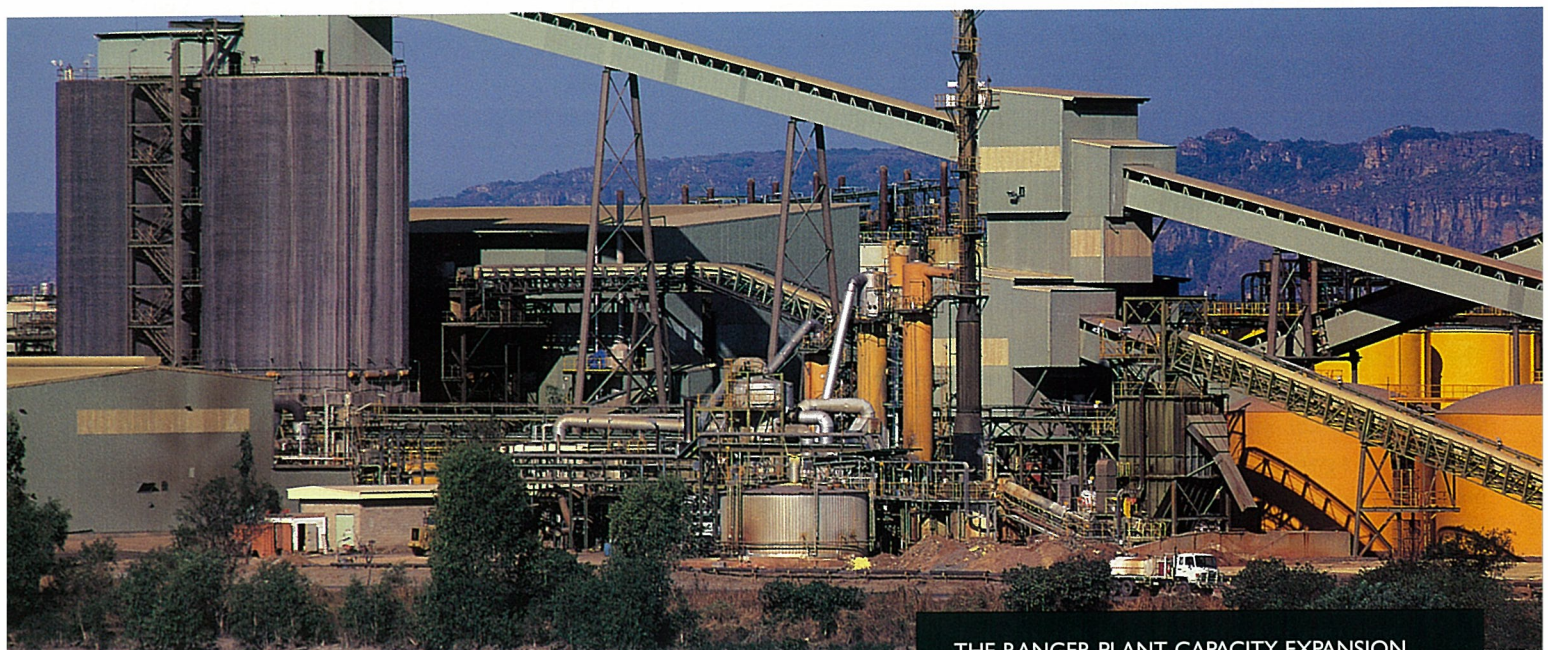
- TO OBTAIN APPROVAL FOR JABILUKA
- TO COMMENCE DEVELOPMENT OF JABILUKA IF APPROVAL IS OBTAINED
- TO EXTEND THE RANGER PROJECT AUTHORITY BEYOND 2000

RANGER #3

Ranger #3 holds 34 per cent of the Company's current uranium reserves (155,500 tonnes U_3O_8). Contractors commenced pre-stripping of the ore body in July 1996. This allowed the commencement of limited mining in October 1996 utilising both the prestripping contractors and Company employees operating the former Ranger #1 mining fleet.

The new mining fleet for Ranger #3 was commissioned during the year at a cost of \$9.4 million. It now includes a Hitachi 250-tonne backhoe excavator and three 135-tonne Caterpillar haul trucks. A fourth truck will be purchased this financial year. The previous mining fleet will be utilised in other areas such as stockpile reclamation.

The new fleet takes into account the current mining plan which estimates completion of mining by 2006 in order to allow conversion of Ranger #3 into a tailings repository.



THE RANGER PLANT CAPACITY EXPANSION
HAS NOW BEEN COMPLETED.

THE NEW BACKHOE EXCAVATOR AT RANGER #3.

An extensive recruitment and training effort also took place in order to prepare a new team for full-time mining operations.

During the wet season, the Ranger #3 pit was used for water storage. Full-scale mining commenced in June 1997.

ERA has, under the terms of the Ranger Project Authority, referred the extension of the Authority beyond 2000 to the Commonwealth Government. The Commonwealth is currently negotiating with the Northern Land Council. If no agreement is reached the Commonwealth will appoint an arbitrator.

PLANT CAPACITY EXPANSION

ERA undertook a 50 per cent plant capacity expansion as part of the development of Ranger #3. It is expected that production will be approximately 5,000 tonnes in the 1998 financial year.

Even with extremely wet weather and a number of industrial stoppages during construction, the plant capacity expansion project was completed only a month behind schedule in August 1997.

The third mill, which will enable an increase in throughput by 50 per cent, was commissioned in July 1997. Cost underestimation and project management difficulties have resulted in a final cost of approximately \$53 million. However, early operating experience has indicated that the expanded plant should be capable of exceeding design throughput by up to 7 per cent.

EXPLORATION

No exploration expenditure was undertaken during the year.

ERA will recommence expenditure on exploration in the 1997/98 financial year. This will involve an analysis of uranium resources in Australia and around the world to identify areas where ERA may undertake future exploration and development activity.

JABILUKA

The final Jabiluka Environmental Impact Statement (EIS) was submitted to the authorities in June 1997.

The development of Jabiluka will be a major milestone for the Company as the ore body is presently estimated to contain 90,400 tonnes of U_3O_8 and holds 58 per cent of the Company's reserves.

The final Jabiluka EIS contains two options.

ERA's preferred option is to mill the Jabiluka ore at Ranger which would ensure there is minimal environmental impact.

Under this proposal, the mine site will disturb less than 20 hectares of land.

The mine would be located on the opposite side of the hill to the Magela wetlands and out of sight from the tourist road. Located next to the underground mine will be a small runoff water retention pond. Ore will be trucked by a haul road located completely within the ERA leases and will not enter the Kakadu National Park. Tailings will be placed in the Ranger open pits which will be rehabilitated at the end of the mine life.

ERA's alternative option involves above-ground processing and tailings facilities on the Jabiluka lease. The plant would be

capable of producing 2,000 tonnes U_3O_8 per year. The facilities would be small, modern and located near the entrance of the proposed underground mine on the opposite side of the hill to Magela Creek and the tourist road.

Both ERA options are grounded in the use of world's best practicable technology and would create minimal environmental impact refined through operations developed over 17 years at Ranger. Both are designed to be environmentally superior to the original Pancontinental plan which already has Aboriginal approval.

ADDENDUM:

Following the signing of the Directors' Report on 21 August 1997 the Commonwealth Minister for the Environment, Senator Hill, recommended to the Minister for Resources and Energy, Senator Parer, on 22 August 1997, that there does not appear to be any environmental issue which would prevent the preferred Jabiluka proposal from proceeding.

The Company notes the Minister for Environment's recommendations and will now await the advice of the Minister for Resources and Energy on Jabiluka.

A document describing the difference in the current Jabiluka proposal from the original Pancontinental plan has been submitted to the Northern Land Council (NLC) prior to undertaking final consultations on the change of concept with the NLC, which will act on behalf of Traditional Owners.

SAFETY AND HEALTH

Safety and health a major priority

1997

Our highlights in 1997 were...

- ENTERPRISE AGREEMENT NEGOTIATED UNTIL JULY 2000
- INTRODUCTION OF IMPROVED PERFORMANCE MANAGEMENT SYSTEMS
- EXPANSION OF WORKFORCE FOR RANGER #3 MINING

1998

Our objectives for 1998 are...

- TO DEVELOP AND IMPLEMENT A PROGRAM FOR MANAGEMENT AND IMPROVEMENT OF SAFETY AND HEALTH ISSUES
- TO REDUCE THE LOST TIME INJURY (LTI) FREQUENCY RATE
- TO DEVELOP A HUMAN RESOURCES STRATEGY ALIGNED WITH COMPANY GOALS

A major recruitment effort was undertaken during the year in preparation for full-scale mining of Ranger #3. Included in this was the implementation of the Company's upgraded Aboriginal employment strategy (see Community section, page 12). Twenty-five new employees were recruited for Ranger #3 mining activities with 20 per cent of these new employees drawn from the local Aboriginal community.

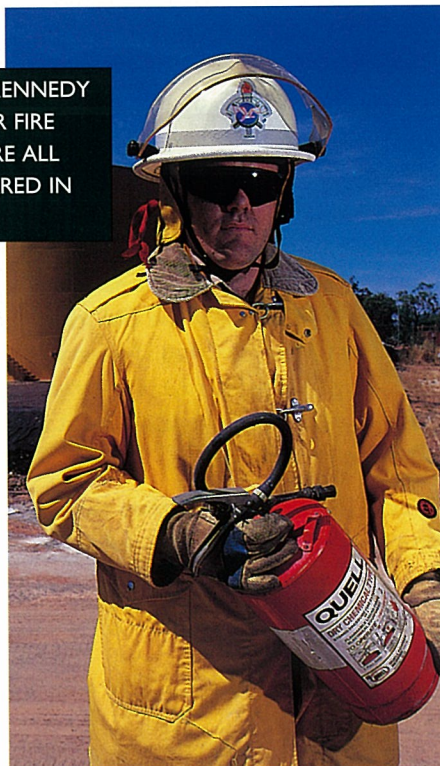
The new Enterprise Agreement for Ranger employees was signed on 20 December 1996 to run for a further 3½ years. No time was lost due to industrial action by Ranger employees during the year.

However, employees of contractors working on the plant expansion took industrial action on four separate occasions. There were 10½ days lost on the plant expansion due to this action.

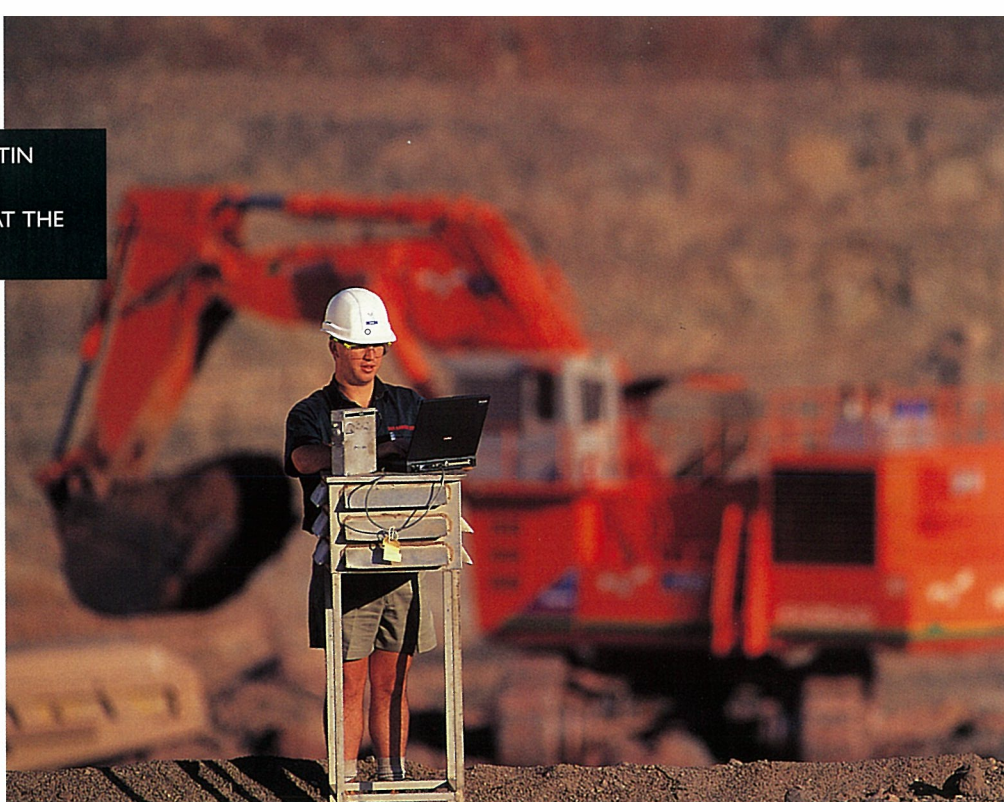
Annual employee turnover was 10.6 per cent (1996: 15.3 per cent). At year end there were 222 people employed at Ranger (1996: 188) and a total of 246 (1996: 215) ERA employees. During the year, approximately 500 contractors were employed mainly in relation to the plant expansion and the development of Ranger #3. All employees undergo extensive induction training.

A new alcohol policy was implemented at Ranger during the year as part of the Company's Safety and Health Program in order to eliminate the hazards and problems associated with people affected by alcohol in the workplace. Employees undergo random testing and any employee who has a detectable blood alcohol level above 0.05 must be taken home immediately. Repeated offences may result in dismissal. Alcohol counselling is offered to all Ranger employees.

SECURITY AND SAFETY OFFICER GREG KENNEDY IN FULL FIRE FIGHTING ATTIRE. REGULAR FIRE DRILLS ARE HELD AT RANGER TO ENSURE ALL EMPLOYEES AND EQUIPMENT ARE PREPARED IN THE CASE OF AN EMERGENCY.



SENIOR RADIATION OFFICER TONY MARTIN DOWNLOADS INFORMATION ABOUT RADIATION LEVELS INTO A COMPUTER AT THE MINE SITE.



SAFETY AND HEALTH

As previously mentioned, a tragic accident caused the only fatality in ERA's history when a contractor, Richard Steel, died on 6 November 1996. The Company expresses its condolences to the family of Mr Steel, who was employed by contractors on the construction of the Ranger plant capacity expansion. ERA undertook and fully participated in independent investigations into the accident. Mr Steel died when the excavator he was operating collapsed into the excavation.

ERA deeply regrets this accident and is committed to working towards the highest possible safety and health standards for every person employed or contracted at the Ranger mine.

Radiation dose levels were well below the levels set by the International Committee on Radiation Protection. During calendar year 1996 the average radiation dose for the most exposed group of employees, designated employees, was 5.2 mSv

compared with the recommended limit of 100 mSv over five years (effectively an average of 20 mSv per year, not to exceed 50 mSv in any one year). Non-designated employees received a dose of 1.5 mSv – well below the 5 mSv limit.

Average background levels of radiation in the Jabiru area are 2 mSv. The average dose for Jabiru residents was measured at 0.02 mSv above natural background levels. This is less than 2 per cent of the international limit of 1 mSv above background. As a comparison, a passenger on a plane travelling from Sydney to London receives 0.1 mSv and a chest X-ray is equivalent to 0.04 mSv.

The number of lost-time injuries increased during the year to 10 (1996: seven). Hours have more than doubled during the year to 893,481 (1996: 435,370), due to the increased workforce as a result of extensive contract work (plant capacity expansion and development of Ranger #3) being undertaken. The safety performance index increased to 217 (1996: 133).

ERA was awarded a 4-Star health and safety rating by the National Safety Council of Australia, following an audit in June.

ERA is currently in the process of developing and implementing an integrated environment, safety and health system. This aims to put in place a planned, measurable and achievable program for managing and improving safety and health

at Ranger. The results will be published and available for the general public.

A comprehensive overview of ERA's performance in the environment, safety and health areas can be found as an insert to this Annual Report. These results have been drawn from work undertaken by independent consultants on behalf of North Limited and full copies can be obtained from ERA's Sydney Office.

HUMAN RESOURCES DEVELOPMENT

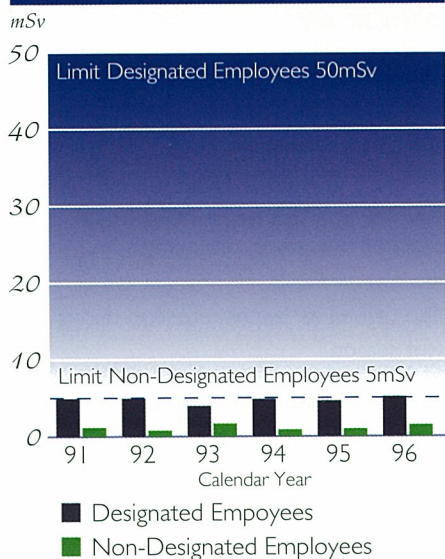
ERA has established a Human Resources (HR) Committee reporting directly to the Chief Executive to oversee and assist with strategic HR planning, policy review and the identification and evaluation of key HR initiatives.

The introduction of a new performance management system has enhanced ERA's ability to identify further areas for improvement in performance reward and employee training needs. There has been a concentration on upgrading employee personal communication skills to facilitate performance evaluation together with regular reviews being performed by all supervisors and managers.

Formalised succession planning has commenced with key positions being identified and potential successors identified.

AVERAGE ANNUAL RADIATION

DOSES AT RANGER



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

MAINTAINING A GOOD RECORD

Ranger maintains its record of no detrimental environmental impact

1997

Our highlights in 1997 were...

- JABILUKA EIS SUBMITTED TO THE AUTHORITIES

- RANGER WATER MANAGEMENT SYSTEM DEALS WITH THE WETTEST YEAR SINCE MINING BEGAN

- AUTHORITIES CONFIRM RANGER CONTINUES TO OPERATE WITH NO DETRIMENTAL IMPACT OUTSIDE MINE AREA

1998

Our objectives for 1998 are...

- TO COMPLETE INTEGRATION OF ENVIRONMENT, SAFETY AND HEALTH MANAGEMENT SYSTEMS

- TO CONSOLIDATE LONG-TERM PLANS FOR REHABILITATION AND TAILINGS DEPOSITION

- TO DISPOSE OF SURPLUS WATER ACCUMULATION

JABILUKA EIS

The final Jabiluka Environmental Impact Statement (EIS) was submitted to the authorities on 17 June 1997.

Research and supply of information for the EIS took place through the co-operation of the Ranger Environment Department and ERA Environmental Services Pty Ltd (ERAES). The EIS document was prepared by Kinhill Engineers.

WATER MANAGEMENT

This wet season saw the wettest year on record since production began at Ranger in 1981. Receiving 1,950 mm during the

year, 1997 was estimated to be a 1-in-20-year rainfall event. All dirty water was contained on the site.

Excess water from retention pond two (RP2), which consists of runoff rainwater from the stockpiles, Ranger #3 and the plant area, was treated using wetland filtration and disposed of through flood irrigation or directly disposed of using spray irrigation (both contained within the Project Area) during the dry season. This ensured the water management system was able to deal with the excess wet. Wetland filters utilise artificial and natural billabongs filled with reeds and other plants to remove the small amount of uranium contained in RP2 water.

The innovative Ranger wetland filtration method was recognised Australia wide when it was chosen by the Australian Bureau of Resource and Agricultural Economics (ABARE) as an example to introduce the ABARE Commodity Innovation Awards.

Retention pond one (RP1), which contains rain water, was released throughout the wet season and releases from retention pond four (RP4) commenced, with the permission of all the relevant authorities, during January.

An evaluation of the management of RP4 water will be undertaken this year because releases of rainwater runoff from waste rock dumps, although carefully controlled and approved by authorities, have been of concern to landowners and environmentalists. The Ranger #3 pit was also utilised for water retention during the wet season.

A new dredge was purchased and commenced operating in August 1997. The dredge is being used to pump tailings from the beached areas of the tailings dam into Pit # 1 where tailings deposition

ENVIRONMENTAL TECHNICIAN GEOFF MACKENZIE SAMPLES THE WATER IN THE WETLAND FILTER AT RANGER.

commenced in August 1996. Removal of the beached areas will considerably increase the evaporative area of the tailings dam and ensure the quantity of process water is in balance.

ENVIRONMENTAL SUPERVISION

The Office of the Supervising Scientist (OSS) and the Northern Territory Department of Mines and Energy conducted their biannual Environmental Performance Reviews of Ranger in December 1996 and June 1997. These reviews found that the operations had no detrimental impact on the environment outside the mine site, a finding echoed by the 1996 Annual Report of the Supervising Scientist.

ENVIRONMENTAL RESEARCH

ERA committed over \$2 million to environmental research and development in 1997. More than 30 major research projects were initiated during the year, many in collaboration with staff in key research organisations including CSIRO, ANSTO, Tropical Water Solutions, ERISS, the University of Newcastle and Radiation Dosimetry Services.

Research investigations are expected to have important outcomes in establishing effective strategies and goals for general environmental management as well as final decommissioning of the Project Area. This year's research focused on:

- mineral processing and tailings management practices designed to ensure that final rehabilitation goals, including secure encapsulation of tailings, are achieved;



Environment



RETENTION PONDS AT RANGER ARE PART OF THE EXTENSIVE WATER MANAGEMENT SYSTEMS IN PLACE.

- refinements in revegetation capability to ensure that progressive decommissioning of disturbed land and constructed landforms can be undertaken;
- the behaviour of natural and constructed wetland systems and land irrigation areas in the Magela catchment in the context of their potential for immobilising solutes;

- quantitative remote sensing to develop effective broad-scale monitoring strategies; and
- faunal colonisation of rehabilitated areas to assess effectiveness of revegetation strategies.

As part of the research project activities, the annual technical workshop held at Ranger in November brought together collaborating staff from research organisations, ERA, the regulatory organisations and other mining companies for peer review of progress in the research program. This forum also helps to define knowledge gaps that will be the subject of future research as ERA moves towards the clear definition of sustainable rehabilitation goals for the mine site.

Doo in October 1996. The fire was quickly put out by the local fire brigade and no adverse environmental effect resulted. ERAES completed an audit of all off-site facilities in order to identify possible hazards and has rectified those identified.

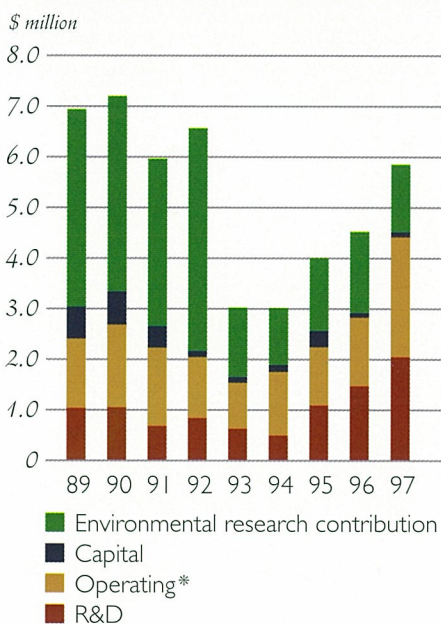
A large part of the southern section of the Ranger Project Area was burnt as the result of an out-of-control fire in Kakadu National Park during September 1996. No significant facilities were affected but RP2 water had to be utilised to fight the fire thereby constituting a technical infringement of ERA's operating requirements.

ERA ENVIRONMENTAL SERVICES PTY LTD

ERA Environmental Services Pty Ltd (ERAES), a wholly owned subsidiary of ERA, provided extensive services to ERA, North Limited and outside parties during 1997.

Projects completed by ERAES in 1997 were valued at \$3.4 million including \$0.8 million for work conducted as outside consultancies. This resulted in an operating profit of \$0.1 million after interest and tax for the year.

ENVIRONMENTAL EXPENDITURE



ENVIRONMENTAL INCIDENTS

In August 1996 some sulfuric acid which was to be delivered to Ranger spilled at Darwin wharf when a storage tank overflowed during ship unloading. All of the overflow was caught in the spillage sump and cleanup took place immediately.

A small friction fire occurred at the Company's sulfur storage area at Humpty

* From 1997, figures for operating expenditure include radiation expenditure.

A photograph of two scientists, a man and a woman, both wearing white lab coats and safety glasses. They are standing in a laboratory or industrial setting, looking down at a document held by the man. The background features blue and yellow metal structures, possibly part of a nuclear reactor or industrial facility. The lighting is somewhat dim, with some bright spots from overhead lights.

Marketing and the Uranium Industry

ALUM

ERA SUPPLIES URANIUM TO NUCLEAR
ELECTRIC UTILITIES UNDER STRICT
SAFEGUARD ARRANGEMENTS.

Marketing

RECORD ACHIEVED

Record sales levels achieved

1997

Our highlights in 1997 were...

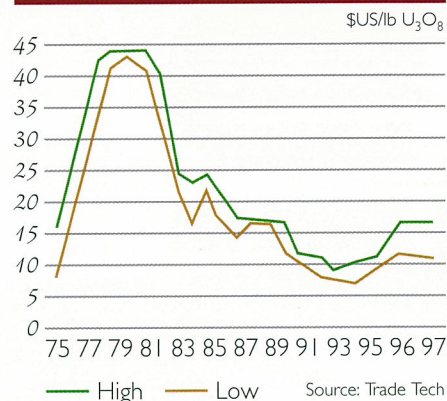
- RECORD SALES
- URANIUM LOAN NEGOTIATED
- NEW LONG-TERM CONTRACT SIGNED

1998

Our objectives for 1998 are...

- TO SECURE NEW LONG-TERM CONTRACTS
- TO EXPAND MARKET SHARE IN THE NORTH ASIA MARKET
- TO OPTIMISE STOCK LEVELS WHILE MAINTAINING SECURITY OF SUPPLY TO CUSTOMERS

NUEXCO EXCHANGE VALUE



expansion. Total sales in the coming year are expected to level out at approximately 5,000 tonnes U_3O_8 per annum.

Third party sales were sourced from material provided under the Company's new uranium loan agreement with JAURD and the Company's contract with the Republic of Kazakhstan. The contract with the Republic of Kazakhstan has now reached completion.

All sales were made under strict international and bilateral safeguard arrangements which ensure the uranium is used for peaceful purposes. Sales are overseen by the Australian Safeguards Office, the Commonwealth Government and the International Atomic Energy Agency.

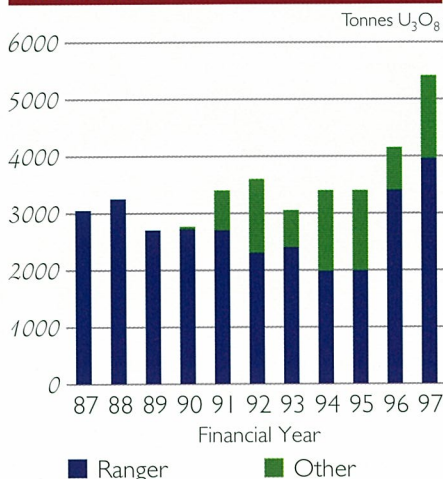
NEW SALES RECORD

The Company achieved a new sales record of Ranger-sourced uranium concentrates with sales increasing to 3,956 tonnes U_3O_8 (1996: 3,364 tonnes U_3O_8). Total sales also reached record levels for the Company at 5,421 tonnes

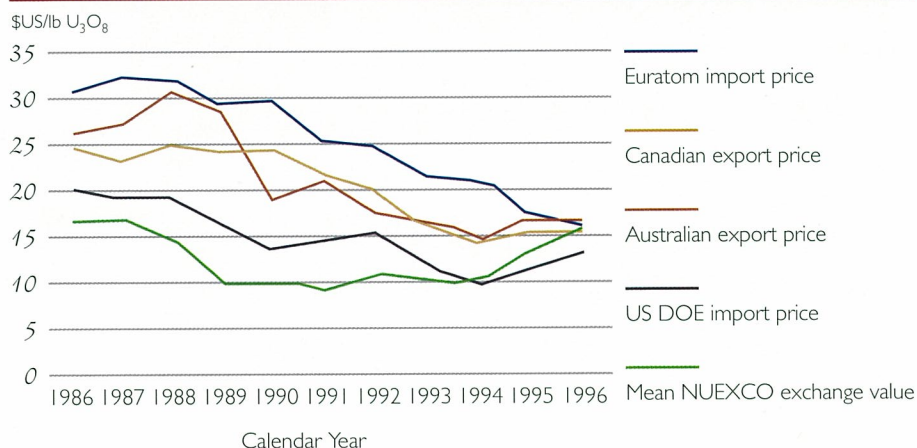
U_3O_8 (1996: 4,232 tonnes U_3O_8). Third party sales were 1,464 tonnes U_3O_8 (1996: 868 tonnes U_3O_8).

It is expected that sales of Ranger-sourced uranium concentrates will continue to rise as a result of the increase in production rates following the plant capacity

ERA SALES

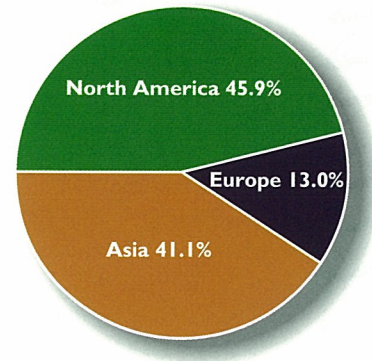


MARKET PRICES



IAN WHITEHURST USES A SPECIALLY ADAPTED FORKLIFT TO LOAD URANIUM OXIDE FOR SHIPPING FROM RANGER.

ERA SALES REVENUE BY REGION



SPOT MARKET

Following the sharp spot market rises of 1996 the spot market experienced a comparable fall during 1997 with the restricted price moving from US\$16.50 per pound U₃O₈ to US\$10.50 per pound U₃O₈ by 30 June 1997. The unrestricted price fell from US\$15.00 per pound U₃O₈ to US\$9.70 per pound U₃O₈.

The fall in prices was primarily due to the lack of demand on the spot market. In reaction to the sharp rises of 1996, many utilities limited their purchases on the spot market by exercising upward flexibilities under existing long-term contracts and by signing new long-term contracts with current year deliveries.

The expectation of sales of uranium from inventories held by the United States Department of Energy together with the announcement of greater volumes of uranium from the dismantling of Russian warheads also resulted in utilities deferring purchases.

MARKET ACTIVITY

In September 1996, the Uranium Institute extensively updated its estimate of uranium demand requirements projected to 2015. World reactor requirements are expected to rise to 78,500 tonnes U₃O₈ in 2000 and increase to 89,000 tonnes U₃O₈ by 2015. The annual growth is approximately 1 per cent per year. The major growth region will be in northern Asia.

Currently 24 per cent of reactor requirements are being met from excess utility inventories accumulated in prior years. It is expected that these inventories will be quickly worked off with the need for new production to fill the gap. In anticipation of these future requirements, new expansion plans have commenced in Canada and Australia including the Company's proposed Jabiluka mine.

Although there has been a significant fall in the spot market price during the year, the

long-term market fundamentals have remained unchanged with the need for utilities to sustain long-term price levels in order to ensure adequacy of supply for the future.

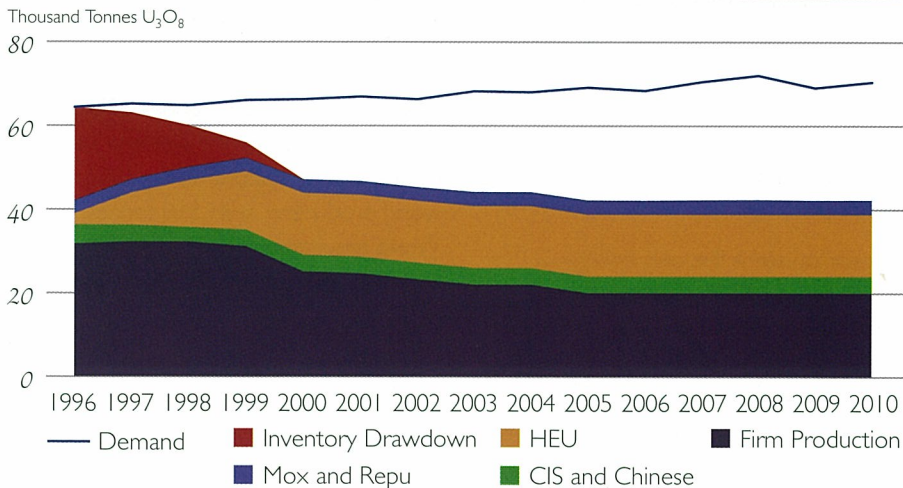
NEW CONTRACTS

The Company supplied 8 per cent of the western world's demand for uranium in 1997 and continued as the world's third-largest supplier of uranium concentrates. The marketing strategy of the Company is to continue to target new long-term contracts and aim to increase market share to 9 per cent by 2001.

ERA was successful in signing a new long-term contract with the US utility, Baltimore Gas & Electric Company, for deliveries from 1998 to 2003 inclusive.

In total, the Company has now secured minimum sales of 23,000 tonnes U₃O₈ over the next ten years which provides the foundation for its future operations.

ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



EXPORT AWARD

ERA's position as a leading national exporter was recognised when the Company won the 1996 Northern Territory Export Award for Mineral Products. The award recognised the Company's customer-focused approach.

Nuclear power is the most environmentally benign way of producing electricity on a large scale

NUCLEAR POWER

There are now 436 commercial nuclear reactors in 32 countries supplying 17 per cent of the world's electricity. They produce the equivalent of over 12 times Australia's total electricity as base-load power. (See table, Nuclear Power Around the World, page 30).

Currently 31 new power reactors are under construction in 12 countries. Capacity is also being increased by plant upgrading in countries such as the US, Belgium, Sweden and Germany. Based on current plans the Uranium Institute estimates worldwide installed nuclear capacity will increase by 1 per cent per year to 2000. Overall, 79 new power reactors are planned worldwide including firm orders for eight units.

Asia remains the largest growth market for uranium. There are currently 86 nuclear power reactors operating in six countries of the region, 12 units under construction and plans in place to build another 59 units. The greatest growth in nuclear generation is expected in Japan with plans for 23 new units followed by South Korea and China both with 12 new units planned.

The uranium sold by ERA is used only for the generation of nuclear electricity. Nuclear power produces no greenhouse gases. Nuclear power is the most environmentally benign way of producing electricity on a large scale. If nuclear power generation were replaced by coal-fired generation, carbon dioxide emissions would increase by about two billion tonnes per year.

Nuclear power is the only energy-producing technology which takes full responsibility for all its wastes which are very small relative to wastes produced by fossil fuel electricity generation. Safe methods for the final disposal of high-level

waste involving immobilisation and burial are technically proven but have not yet been required.

Where strict international safeguards are in place, there has never been a diversion of nuclear material from a commercial nuclear power station to nuclear weapons. ERA only supplies uranium under these strict safeguard practices.

SUPPLY AND DEMAND

The restricted spot market price for uranium fell from US\$16.50 per pound U_3O_8 to US\$10.50 per pound U_3O_8 over the 1997 year. Despite this decrease, the Company still believes the long-term outlook for the uranium market is positive due to the requirement for increased supply from new developments in order to balance supply and demand.

The sharp rise in the spot price in 1996 (to US\$16.50 per pound U_3O_8 by July 1996) elicited long-expected expansion plan announcements by Canadian and Australian producers and a host of smaller US *in situ* leach producers. The new Canadian projects McClean Lake (1997), McArthur River (1999) and Cigar Lake (2000) are currently on schedule as are the Australian producers' (ERA and Olympic Dam) expansion plans.

During 1996, 55 per cent of western world reactor requirements were met by supply from mine production.

Approximately 75,500 tonnes of U_3O_8 was required to fuel the western world's nuclear power stations during 1996 with world production at 41,510 tonnes U_3O_8 . World requirements for U_3O_8 are expected to increase to 78,500 tonnes U_3O_8 by 2000.

Analysis of the demand and supply situation in the year 2002 points to total Western demand being met 70 per cent by natural



ANOTHER IMPORTANT USE OF URANIUM IS IN MEDICINE. PICTURED HERE IS A SPECTROMETER ANALYSIS USED IN PREPARING NUCLEAR PHARMACEUTICAL ISOTOPES.

TOP TEN URANIUM MINES – WESTERN WORLD ONLY CALENDAR YEAR 1996*

MINE	COUNTRY	OWNERSHIP	MINE TYPE	PRODUCTION, THOUSAND TONNES U ₃ O ₈	WORLD PRODUCTION, PER CENT
Key Lake	Canada	Cameco/Uranerz	Open pit	6.40	15.4
Rabbit Lake	Canada	Cameco/Uranerz	Open pit/underground	4.68	11.3
Ranger	Australia	ERA	Open pit	4.14	10.0
Rössing	Namibia	RTZ (66%)	Open pit	2.89	7.0
Akouta	Niger	COGEMA/Onarem	Underground	2.50	6.0
Cluff Lake	Canada	COGEMA	Open pit/underground	2.31	5.6
Olympic Dam	Australia	WMC	By-product (copper) underground	1.73	4.1
Arlit	Niger	COGEMA/Onarem	Open pit	1.42	3.4
Vaal Reefs	South Africa	Anglo-American (27.6%)	By-product (gold) underground	1.08	2.6
Okelobondo	Gabon	COGEMA/Gabon State	Underground	0.67	1.6
Total				27.82	67.0

* Source: Uranium Institute

URANIUM PRODUCTION AND RESOURCES CALENDAR YEARS*

	1992	1993	1994	1995	1996	WORLD PRODUCTION 1996, %	WORLD URANIUM RESOURCES <US\$80 PER KG U
	THOUSAND TONNES U ₃ O ₈						
Australia	2.75	2.67	2.69	4.38	5.87	14	633,000
Canada	11.07	10.82	11.43	12.40	13.90	33	270,000
France	2.51	2.01	1.21	1.16	1.10	3	16,040
Kazakstan/Kyrghystan	3.30	3.18	2.64	1.92	1.56	4	439,500
Namibia	2.00	1.96	2.26	2.37	2.89	7	160,590
Niger	3.50	3.44	3.51	3.50	3.92	9	57,400
Russia	3.06	2.83	3.50	2.65	2.36	6	215,000
South Africa	2.09	2.03	1.99	1.68	1.70	4	204,710
USA	2.13	1.53	1.63	2.71	2.85	7	113,000
Uzbekistan	3.18	3.07	2.50	1.77	1.77	4	225,000
Other	6.45	4.87	4.53	4.44	3.60	9	370,610
Total	42.04	38.37	37.89	38.98	41.51	100	2,704,850

CONVERSION FACTORS

FROM	TO	MULTIPLY BY
U	U ₃ O ₈	1.1793
U ₃ O ₈	U	0.8480
tonnes U	pounds U ₃ O ₈	2,599.8
pounds U ₃ O ₈	kg U	0.3846
tonnes	pounds	2,204.6
pounds	kg	0.4536
tonnes	kg	1,000

* Source: Uranium Institute

uranium production with another 25 per cent satisfied by combined Russian natural feed component from diluted highly enriched uranium (HEU) and CIS production. The balance can be filled by reprocessed uranium and plutonium usage.

Apart from the Russian HEU and US Department of Energy disposal of surplus HEU all other excess inventories are expected to be drawn down over the next few years.

By year end the spot market softened. The market for long-term contracting is expected to improve next year once utilities work off additional purchase commitments entered into last year when spot prices were stronger.

The prospect for a price spike has substantially receded but uncertainties associated with commissioning of new projects and the rate of Russian natural uranium feed component entering the

market still point to a small supply shortfall in 1998 and 1999.

Supply and demand are expected to be in balance from 2000 out until 2007 based on new projects in the pipeline.

Uranium

COUNTRY	REACTORS OPERATING AUGUST 1997		REACTORS BUILDING AUGUST 1997		TWh 1996	NUCLEAR % 1996	TOTAL OPERATING EXPERIENCE TO END 1996		URANIUM REQUIRED 1996 TONNES U ₃ O ₈
	NO.	MWE	NO.	MWE			REACTOR YEARS	MONTHS	
Argentina	2	935	1	692	6.92	11.43	36	7	150
Armenia	1	376	-	-	2.10	36.72	29	4	64
Belgium	7	5,631	-	-	41.40	57.18	142	7	1,255
Brazil	1	626	1	1,245	2.29	0.74	14	9	79
Bulgaria	6	3,538	-	-	18.08	42.24	89	1	578
Canada	21	14,668	-	-	87.52	15.97	369	9	2,061
China	3	2,088	3	2,100	13.62	1.27	11	5	439
Czech Republic	4	1,632	2	1,784	12.85	20.00	42	8	1,104
Finland	4	2,310	-	-	18.68	28.13	71	4	573
France	58	61,433	2	2,900	378.20	77.36	935	3	12,433
Germany	20	22,181	-	-	152.80	30.29	530	7	4,435
Hungary	4	1,729	-	-	14.18	40.76	46	2	420
India	10	1,695	4	808	7.42	2.21	139	1	297
Japan	54	43,686	-	-	298.20	33.99	756	1	9,848
Kazakstan	1	135	-	-	0.09	0.15	23	6	-
Korea RO (South)	12	9,770	4	3,200	70.33	35.77	111	10	2,565
Lithuania	2	2,760	-	-	12.67	83.44	22	6	439
Mexico	2	1,308	-	-	7.88	5.19	9	11	252
Netherlands	1	452	-	-	3.90	4.79	51	9	123
Pakistan	1	125	1	300	0.31	0.56	25	3	-
Romania	1	620	4	2,480	0.91	1.75	-	6	99
Russia	25	19,799	3	2,825	108.82	13.10	555	6	3,920
Slovak Republic	4	1,632	4	1,552	11.26	44.53	65	5	387
Slovenia/Croatia	1	632	-	-	4.36	37.87	15	3	152
South Africa	2	1,844	-	-	11.76	6.33	24	3	340
Spain	9	7,162	-	-	53.80	31.97	156	2	1,624
Sweden	12	10,039	-	-	71.40	52.38	231	2	1,828
Switzerland	5	3,071	-	-	23.72	44.45	108	10	717
Taiwan	6	4,884	-	-	36.33	29.07	92	1	1,099
Ukraine	14	12,120	2	1,900	79.58	43.76	190	2	3,047
United Kingdom	35	12,788	-	-	85.90	26.04	1,098	4	3,013
USA	108	99,666	-	-	674.78	21.92	2,138	7	22,197
Total 1996	436	351,335	31	21,786	2,312	17	8,135		75,538
Total 1995	439	347,895	32	25,041	2,228	17	7,696		71,623

Source: Reactor data ANSTO.

Uranium requirement data Uranium Institute.

Nuclear % = % of total electricity from nuclear in 1996 IAEA.

Operating experience IAEA.

INFORMATION

Statutory



Directors' Report

FOR THE YEAR ENDED 30 JUNE 1997

The Directors of Energy Resources of Australia Ltd (ERA) present the financial statements of the Company and its controlled entity for the year ended 30 June 1997.

DIRECTORS

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

C McC Anderson, Chairman
M W Broomhead, Deputy Chairman
A Carmichael
P Kausch, 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 Y Hirono, H Suzuki, K Takai, M Yoshida)

Mr Y Coupin resigned from the Board on 17 October 1996 and was replaced by Dr P Kausch.

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
T Barlow	7	7		
M W Broomhead	7	7		
A Carmichael	6	7	4	4
Y Coupin	1	1		
P Kausch	2	2	1	1
D Panthout (alternate for P Kausch/Y Coupin)	4	4	2	3
Sir Rupert Myers	7	7	4	4
M Shibata	1	1		
Y Hirono (alternate for M Shibata)	3	3		
K Takai (alternate for M Shibata)	2	2		
M Yoshida (alternate for M Shibata)	1	1		
P J Shirvington	7	7		

* Reflects the number of meetings held during the time the Director held office in the 1997 financial year.

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

PRINCIPAL ACTIVITIES

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

- (i) mining, processing and the sale of uranium; and
- (ii) providing environmental consulting services through ERA Environmental Services Pty Ltd.

DIVIDENDS

Dividends paid or declared by the Company were:

In respect of 1996:

- (i) A fully franked dividend of \$0.04 per share was paid on 22 April 1996.
- (ii) A fully franked final dividend of \$0.10 per share was paid on 6 November 1996.

These two dividends were referred to in the Directors' Report for the year ended 30 June 1996.

In respect of 1997:

- (i) A fully franked dividend of \$0.06 per share was paid on 6 March 1997.
- (ii) A fully franked dividend of \$0.08 per share was declared on 21 August 1997 payable on 24 September 1997.

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 entity for the year ended 30 June 1997 was \$40.425 million (1996: \$40.729 million). Sales revenue for the year ended 30 June 1997 was \$230.561 million (1996: \$180.350 million).

A full review of the operations of ERA and its controlled entity during the year ended 30 June 1997 and the results of those operations is shown in this Annual Report in the sections entitled Chairman's and Chief Executive's Report (pages 4 to 6), Financial Performance (pages 7 to 10), Community (pages 11 to 14), Operations (pages 15 to 17), Development (pages 18 to 19), Employees (pages 20 to 21), Environment (pages 22 to 24), Marketing and The Uranium Industry (pages 25 to 27).

STATE OF AFFAIRS

Record sales levels were achieved at 5,420.6 tonnes U_3O_8 (1996: 4,231.6 tonnes U_3O_8). Sales of Ranger concentrates reached an all time high at 3,956.3 tonnes U_3O_8 (1996: 3,363.9 tonnes U_3O_8), while sales of third party concentrates increased to 1,464.3 tonnes U_3O_8 (1996: 867.6 tonnes U_3O_8).

The spot price dropped significantly during the year from US\$16.50 per pound U_3O_8 at the commencement of the year to US\$10.50 per pound U_3O_8 at 30 June 1997.

Production reached an all time high at 4,236.9 tonnes U_3O_8 drummed (1996: 3,453.3 tonnes U_3O_8), an increase of 23 per cent on last year.

Full-scale mining of Ranger #3 commenced in June 1997 and the 50 per cent plant capacity expansion was completed during August 1997.

Capital expenditure for the year increased significantly to \$73.6 million (1996: \$11.9 million), primarily due to costs associated with the development and mining of Ranger #3 and the plant expansion. With the completion of these projects capital expenditure will decrease significantly in 1997/98.

During the year, a uranium loan was negotiated with Japan Australia Uranium Resources Development Co Ltd allowing the Company to use some of this borrowed material as buffer stock and thereby releasing Ranger material for sale during the year.

Net debt increased during the year to \$68.2 million at 30 June 1997 (1996: \$51.5 million) reflecting the draw down under the uranium loan.

The final Jabiluka Environmental Impact Statement has been submitted to the authorities and a recommendation from the Minister for the Environment to the Minister for Resources and Energy is expected shortly.

ERA will recommence expenditure on exploration in the 1997/98 financial year. This will involve analysis of uranium resources in Australia and around the world to identify areas where ERA may undertake future exploration and development activity.

DIRECTORS' REPORT

Directors' Report

FOR THE YEAR ENDED 30 JUNE 1997

INFORMATION ON DIRECTORS

Directors' Qualifications and Experience

C McC Anderson, Chairman, BEc, age 55, 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 President of the Australia-Japan Society of Victoria.

T Barlow, BE(Hons), age 68, 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 former Chairman of Melbourne Water Corporation.

M W Broomhead, Deputy Chairman, BE, MBA, age 44, was appointed to the ERA Board in January 1992 and as Deputy Chairman in February 1994. Mr Broomhead is Deputy Managing Director of 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 60, 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 the Australian National Railways Commission and the Price Waterhouse Australasian Partnership.

P Kausch, age 57, was appointed to the ERA Board in October 1996 at the nomination of the B Class shareholders. Dr Kausch, a mining engineer, is Senior Vice President Foreign Mining Activities Division of Rheinbraun and Chairman of Rheinbraun Australia Pty Limited.

Sir Rupert Myers, KBE, AO, MSc, PhD, DSc(Hon), DEng(Hon), LLD(Hon), DLitt(Hon), FTSE, FAA, age 76, 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 67, was appointed to the ERA Board in February 1991 at the nomination of holders of C Class shares. Mr Shibata is President of Japan Australia Uranium Resources Development Co Ltd (JAURD) and also President of Japan Indonesia LNG Co Ltd (JILCO).

P J Shirvington, Chief Executive, MSc, age 56, 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 party as at the date of this report are shown below:

Director	ERA*	North**	KEY:
C McC Anderson	5,125	31,358 340,000 Options	* ERA: Energy Resources of Australia Ltd – shares of 20c each fully paid.
T Barlow	1,460	2,000	** North: North Limited – shares of 50c each fully paid.
M W Broomhead	–	9,000 225,000 Options	(Options to subscribe for shares of 50c each fully paid under the North Limited Share Option Incentive Plan)
A Carmichael	–	12,755	
Sir Rupert Myers	500	–	
P J Shirvington	243	23,255 145,000 Options	

POST BALANCE DATE MATTERS

The Company repaid US\$38 million of debt on 21 July 1997. 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 31 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 Chairman's and Chief Executive's Report (pages 4 to 6) and Development (pages 18 to 19) in this Annual Report.

DIRECTORS' BENEFITS

No Director of ERA, since 30 June 1996, has received or become entitled to receive a benefit other than Director's remuneration included in note 29 (pages 54 to 55) 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

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

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

C McC Anderson, T Barlow, M W Broomhead, A Carmichael, P Kausch (Alternate D Panthout), R Kemp, Sir Rupert Myers, K Oxnam, M Shibata (Alternates Y Hirono, H Suzuki, K Takai, M Yoshida), P J 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.

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

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 21st day of August 1997 in accordance with a resolution of the Directors.



C McC Anderson
Director



P J Shirvington
Director

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 1997

This statement outlines the main Corporate Governance practices that were followed 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; and
- submitting proposed major changes in the Company's affairs to a vote of shareholders.

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

SHAREHOLDERS AGREEMENT

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

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

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

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

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.

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

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

The Board comprises eight Directors, details of which are set out on page 32. Messrs C McC Anderson, MW Broomhead, T Barlow and A Carmichael are Directors of ERA's 68.4 per cent parent Company, North Limited. In addition, the minority A Class shareholders are represented by Sir Rupert Myers.

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. Dr P Kausch 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.

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 the remuneration of Directors (non-executive and executive), senior managers and general remuneration levels, policies and practices across the North Group. The Remuneration Committee seeks independent advice on the appropriateness of remuneration packages where circumstances require it. The Committee met four times during the year.

Further details of Directors' remuneration, superannuation and retirement payments are set out in note 29 to the financial statements.

AUDIT

ERA's Board has an Audit Committee of non-executive Directors. The Committee is chaired by Mr C McC Anderson and also comprises Mr A Carmichael, Dr P Kausch and Sir Rupert Myers. The Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's external auditor. The Committee met four times during the year.

Among the Committee's responsibilities is the review of the adequacy of existing internal and 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 is 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 and the papers and minutes are available to all Directors.

RISK MANAGEMENT

The Board recognises that the management of risk is an integral part of the responsibility of both the Board and management, and ensures a risk management assurance process is in place to cover:

- the identification of all of the significant business risks facing the organisation;
- the provision of feedback to senior management and the Board, on a period basis, as to the status of any plans, controls, policies and/or procedures to manage the significant business risks, which is assessed by North Limited's internal audit; and
- an appropriate management reporting system to facilitate the assurance process.

In addition, 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.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 1997

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; and
- a comprehensive annual insurance program, which will be reviewed by the Audit Committee.

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

ETHICAL STANDARDS

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

SALE AND PURCHASE OF SHARES BY DIRECTORS AND EMPLOYEES

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

OTHER KEY PROCEDURES

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

INVESTOR INFORMATION

Investor Information

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is held in October. The 1997 AGM will be held at 10:00 am on 16 October 1997, 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.

INFORMATION ON SHAREHOLDING

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

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

ERA Share Registry
C/- Corporate Registry Services Pty Ltd
Level 4, 55 Hunter Street
Sydney NSW 2000
(Box 1486 GPO, Sydney 1005)
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.

SHARE REGISTRIES

New South Wales

C/- Corporate Registry Services Pty Ltd
Level 4, 55 Hunter Street
Sydney NSW 2000
(Box 1486 GPO, Sydney 1005)
Telephone: (02) 9232 4211
Facsimile: (02) 9232 3719

Victoria

C/- Corporate Registry Services 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: (02) 6249 1877
Facsimile: (02) 6247 6190

Profit and Loss Accounts

FOR THE YEAR ENDED 30 JUNE 1997

	Note	CONSOLIDATED		THE COMPANY	
		1997 \$000	1996 \$000	1997 \$000	1996 \$000
OPERATING REVENUE	2	241,428	191,749	240,586	191,091
OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX	2,3	71,572	58,560	71,383	58,418
Abnormal items	4	-	-	-	-
OPERATING PROFIT BEFORE INCOME TAX		71,572	58,560	71,383	58,418
Income tax attributable to operating profit	4,5	31,147	17,831	31,079	17,780
OPERATING PROFIT AFTER INCOME TAX		40,425	40,729	40,304	40,638
Retained profits at the beginning of the financial year		50,692	36,667	50,521	36,587
TOTAL AVAILABLE FOR APPROPRIATION		91,117	77,396	90,825	77,225
Dividend provided for or paid	7	26,703	26,704	26,703	26,704
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		64,414	50,692	64,122	50,521

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 1997

I. 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, and the Corporations Law.

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 32. 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 14).

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 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.

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I. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of non-current assets 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 employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. In assessing the liability for employee entitlements which are not expected to be settled within 12 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 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%.

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.

I. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

URANIUM LOAN

Uranium drawn down under the loan arrangement will be used to meet sales commitments and/or to act as buffer stock thereby allowing the release of Ranger uranium to meet sales commitments.

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

COMPARATIVE FIGURES FOR 1996

Where necessary, comparative figures for 1996 have been adjusted to achieve consistency in disclosure with current year financial amounts and other disclosures.

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

2. OPERATING REVENUE

Sales revenue	230,561	180,350	229,727	179,725
Other revenue				
Rehabilitation refund	8,495	7,882	8,495	7,882
Interest received/receivable	1,574^a	3,154	1,568^a	3,144
Proceeds on sale of non-current assets	798	363	796	340
	241,428	191,749	240,586	191,091

^a Included in interest received/receivable is \$316,000 (1996: \$1,649,000) of interest received on tax previously paid in respect of Division 3B.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1997

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$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	18,741	16,789	18,741	16,789
Depreciation of non-current assets	18,677	17,415	18,608	17,398
Royalty type expense	2,044	1,737	2,044	1,737
Payments for Aboriginal interests	7,148	6,105	7,148	6,105
Rehabilitation fund costs	15	20	15	20
Auditors' remuneration				
audit of parent and controlled entity	119	101	119	93
other services	205	526	205	526
Rent expense on operating leases	861	902	861	902
Contributions to employee retirement funds	-	1	-	1
Interest paid/payable to				
other corporations	2,137	5,433	2,137	5,433
related parties	1,624	-	1,624	-
Provision for employee entitlements	2,882	2,637	2,765	2,449
Provision for stores obsolescence	360	145	360	145
Provision for doubtful debts	484	1,432	484	1,432
Provision for maintenance	601	-	601	-
Provision for warranty	10	-	-	-
Research and development expenditure	2,040	1,544	2,040	1,544
Loss on disposal of non-current assets	80	1,002	80	998
Credits:				
Interest received/receivable from other corporations	1,574 ^a	3,154	1,568 ^a	3,144

^a Included in interest received/receivable is \$316,000 (1996: \$1,649,000) of interest received on tax previously paid in respect of Division 3B.

4. ABNORMAL ITEMS

The operating profit after income tax is arrived at after charging/(crediting) the following abnormal items:

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		THE COMPANY	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000
5. INCOME TAX				
Income tax is calculated as follows:				
Operating profit before income tax	71,572	58,560	71,383	58,418
Tax calculated at 36%	25,766	21,082	25,698	21,031
Tax effect of permanent differences:				
Amortisation of Ranger Project Rights, other non-allowable items and Research and Development Concession	6,533	5,773	6,533	5,773
Prima facie tax adjusted for permanent differences	32,299	26,855	32,231	26,804
Income tax overprovided in prior years	(1,152)	–	(1,152)	–
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)
Income tax expense on operating profit	31,147	17,831	31,079	17,780

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\$7,631,000 (1996: increased A\$6,590,000).

The net exchange gain included in the Profit and Loss Account for the year on the holding of net foreign monetary assets was A\$355,000 (1996: gain A\$72,000).

7. DIVIDENDS

Dividends provided for or paid by the Company are:

(i) an interim ordinary dividend of 6.0 cents per share, franked to 100% with Class C (36%) franking credits, was paid on 6 March 1997 (1996: 4.0 cents per share, franked to 100% with Class C (36%) franking credits paid on 22 April 1996).	11,444	7,630	11,444	7,630
(ii) a final ordinary dividend of 8.0 cents per share, franked to 100% with Class C (36%) franking credits, is payable on 24 September 1997 (1996: 10.0 cents per share, franked to 100% with Class C (36%) franking credits paid on 6 November 1996).	15,259	19,074	15,259	19,074

DIVIDEND FRANKING ACCOUNT

Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:

Class C (36%) franking credits	76,127	38,871	75,856	38,625
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The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.

8. CASH

Cash at banks and on hand	7,661	10,770	7,648	10,769
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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	7,661	10,770	7,648	10,769
Less: Bank overdrafts (note 18)	145	567	145	373
Balance per Statements of Cash Flows	7,516	10,203	7,503	10,396

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1997

	CONSOLIDATED		THE COMPANY	
	1997 \$000	1996 \$000	1997 \$000	1996 \$000

9. CURRENT ASSETS – RECEIVABLES

Trade debtors	78,698	61,326	78,389	61,280
Less provision for doubtful debts ^a	3,109	2,640	3,108	2,639
	75,589	58,686	75,281	58,641
Other debtors	1,917	9,969	1,880	9,897
Less provision for doubtful debts ^b	30	30	30	30
	1,887	9,939	1,850	9,867
Amount receivable from ultimate parent entity	–	134	–	–
Loans to Directors	–	23	–	23
	77,476	68,782	77,131	68,531

a Bad debts written off against provisions: \$Nil (1996: \$Nil)

b Bad debts written off against provisions: \$Nil (1996: \$Nil)

10. CURRENT ASSETS – INVENTORIES

Stores	10,145	11,598	10,145	11,598
Less provision for obsolescence	1,883	1,523	1,883	1,523
	8,262	10,075	8,262	10,075
Ore stockpile	9,618	6,464	9,618	6,464
Work in progress	3,077	3,983	3,077	3,983
Finished product U ₃ O ₈	62,774	60,117	62,774	60,117
At cost	83,731	80,639	83,731	80,639

11. CURRENT ASSETS – OTHER

Prepayments	5,991	3,410	5,991	3,409
Foreign exchange hedge asset on borrowings	2,184	–	2,184	–
Foreign exchange hedge asset on debtors	–	3,355	–	3,355
	8,175	6,765	8,175	6,764

12. NON-CURRENT ASSETS – RECEIVABLES

Other debtors	1,736	–	1,642	–
Loans to Directors	26	–	26	–
	1,762	–	1,668	–

13. NON-CURRENT ASSETS – INVENTORIES

Ore stockpile	14,244	20,349	14,244	20,349
Finished product U ₃ O ₈ – borrowed	16,964	–	16,964	–
	31,208	20,349	31,208	20,349

CONSOLIDATED		THE COMPANY	
1997	1996	1997	1996
\$000	\$000	\$000	\$000

14. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE CAPITALISED

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	5,181	3,819	5,181	3,819
	153,619	152,257	153,619	152,257

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 ready for development and is awaiting regulatory approval to commence development.

During the year the Company capitalised \$1,362,000 of expenditure incurred in the Jabiluka approval process.

15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Land – cost				
Buildings:				
Buildings – cost	90,302	91,584	90,302	91,584
Less provision for depreciation	41,531	37,860	41,531	37,860
	48,771	53,724	48,771	53,724
Plant and equipment:				
Plant and equipment – cost	416,638	346,388	416,259	346,150
Less provision for depreciation	163,047	150,400	162,955	150,371
	253,591	195,988	253,304	195,779
Mine properties:				
Ranger Project Rights – cost	407,000	407,000	407,000	407,000
Less accumulated amortisation	152,911	134,169	152,911	134,169
	254,089	272,831	254,089	272,831
Total property, plant and equipment	556,452	522,544	556,165	522,335

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.

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.

NOTES TO AND FORMING PART
Notes to and forming part of the Financial Statements
 OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

16. NON-CURRENT ASSETS – OTHER

Future income tax benefit	4,684	2,939	4,587	2,851
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17. CURRENT LIABILITIES – ACCOUNTS PAYABLE

Amount owing to related parties	2,062	73	2,062	528
Amount owing to ultimate parent entity	–	427	–	427
Trade creditors	15,084	10,122	14,940	9,876
Other creditors	7,088	5,283	7,015	5,283
	24,234	15,905	24,017	16,114

18. CURRENT LIABILITIES – BORROWINGS

Unsecured borrowings:				
Bank overdraft	145	567	145	373
Bank loan	–	2,500	–	2,500
Loan from related parties	50,938	–	50,938	–
Transferable loan certificates and bankers' acceptances	–	26,613	–	26,613
	51,083	29,680	51,083	29,486

19. CURRENT LIABILITIES – PROVISIONS

Employee entitlements	3,894	3,219	3,778	3,090
Maintenance	265	–	265	–
Warranty	23	13	–	–
Dividend	15,259	19,074	15,259	19,074
Income tax	28,902	8,259	28,940	8,193
	48,343	30,565	48,242	30,357

20. CURRENT LIABILITIES – OTHER

Foreign exchange hedge liability on borrowings	–	1,541	–	1,541
Foreign exchange hedge liability on debtors	1,587	–	1,587	–
	1,587	1,541	1,587	1,541

CONSOLIDATED		THE COMPANY	
1997	1996	1997	1996
\$000	\$000	\$000	\$000

21. NON-CURRENT LIABILITIES – BORROWINGS

Unsecured borrowings:

Transferable loan certificates and bankers' acceptances	–	29,147	–	29,147
Uranium loan	27,006	–	27,006	–
	27,006	29,147	27,006	29,147

In February 1997 ERA signed a loan agreement with JAURD (which is a shareholder in ERA and a Director-related entity of Mr M Shibata, a Director of ERA) for a loan of up to 1,360 tonnes of U₃O₈. The Company will draw down between 957 tonnes and up to 1,360 tonnes over an 18-month period commencing February 1997.

22. NON-CURRENT LIABILITIES – PROVISIONS

Employee entitlements	862	925	820	839
Deferred income – uranium loan	5,651	–	5,651	–
Deferred income tax	97,503	100,579	97,419	100,579
	104,016	101,504	103,890	101,418

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.

23. NON-CURRENT LIABILITIES – OTHER

Foreign exchange hedge liability on borrowings	–	1,926	–	1,926
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24. SHARE CAPITAL

Authorised capital comprises:

750,000,000 shares of \$0.20 each (1996: \$0.20 each)	150,000	150,000	150,000	150,000
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Issued and paid-up capital comprises:

142,865,446 A Class shares of \$0.20 each fully paid (1996: 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 (1996: 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 (1996: 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1997

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

25. 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

26. CONTINGENT LIABILITIES

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 1997 (including a 5% contingency), should ERA have been required to cease mining was \$25,811,000. The excess of the fund of \$8,495,000 (note 2) represents the refund recognised in the Financial Statements at 30 June 1997.

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 U₃O₈. In the event that the spot price is not sustained above US\$16,000 per pound U₃O₈ through to December 2005 in the case of one contract, an amount up to A\$11,287,000 may be payable at that time.

ERA has issued a letter of credit as security for the uranium loan. This letter of credit provides for an amount equivalent to the market value of the U₃O₈ tonnes outstanding plus a margin.

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

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

27. COMMITMENTS

(a) Commitments for capital expenditure

Aggregate capital expenditure contracted for, but not provided for in the accounts:

Not later than 1 year	5,382	7,719	5,382	7,719
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(b) Lease Commitments

(i) Operating Leases

Aggregate of amounts contracted but not provided for in the accounts:

	2,095	2,944	2,095	2,944
--	-------	-------	-------	-------

Due within 1 year

	880	897	880	897
--	-----	-----	-----	-----

Due between 1-2 years

	810	819	810	819
--	-----	-----	-----	-----

Due between 2-5 years

	405	1,228	405	1,228
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	2,095	2,944	2,095	2,944
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(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 1998 in respect of tenement lease rentals.

27. COMMITMENTS (continued)

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

- (i) an amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement (*Aboriginal Land Rights (NT) Act 1976*). This amounts to \$200,000 per annum during the currency of the Agreement;
- (ii) amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Trust Account pursuant to Section 63(5) of the *Aboriginal Land Rights (NT) 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% of Ranger net sales revenue (1997: \$6,948,000, 1996: \$5,905,000);
- (iii) amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25% of Ranger net sales revenue (1997: \$2,044,000, 1996: \$1,737,000);
- (iv) amounts equal to 2% (or such other rate as the Minister of State for the time being administering Section 41 of the *Atomic Energy Act 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.

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
Note	\$000	\$000	\$000	\$000

28. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements, including on-costs

– Current	19	3,894	3,219	3,778	3,090
– Non-current	22	862	925	820	839
		4,756	4,144	4,598	3,929

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 5% of the statutory three years emoluments.

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

SUPERANNUATION

ERA employees are members of the North Superannuation Fund which provides benefits on retirement, disablement, death, retrenchment or withdrawal from service, the principal types of benefits being lump sum defined benefits and lump sum accumulation benefits. Contributions are made by employees and the Company as percentages of salary or wages or specified dollar amounts as required by the relevant trust deed. 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 fund 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 the fund in the event of the termination of the fund, or the voluntary or compulsory termination of employment of each employee member.

Upon the recommendation of the actuary, as from 1 July 1990 the employer contribution to the North Superannuation Fund was reduced to a nominal level. Employer contributions to the fund in 1997 were \$Nil (1996: \$Nil).

	FUND ASSETS AT NET MARKET VALUE \$'000	TOTAL ACCRUED BENEFITS \$'000	EXCESS/ (DEFICIT) \$'000	TOTAL VESTED BENEFITS \$'000
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28. EMPLOYEE ENTITLEMENTS (continued)

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

- 1997	128,868 ⁽ⁱ⁾	105,100 ⁽ⁱⁱ⁾	23,768 ^(v)	99,950 ⁽ⁱ⁾
- 1996	102,755 ⁽ⁱⁱⁱ⁾	73,100 ^(vi)	29,655 ^(iv)	65,855 ⁽ⁱⁱⁱ⁾
Amounts applicable to ERA				
- 1997	Refer(v)	14,766 ⁽ⁱⁱ⁾	-	13,764 ⁽ⁱ⁾
- 1996	Refer(v)	10,270 ^(vi)	-	9,260 ⁽ⁱⁱⁱ⁾

(i) Fund assets at net market value and vested benefits have been calculated at 30 June 1997 from the accounting records of the fund.

(ii) Accrued benefits have been obtained from the latest actuarial review and have been calculated and reviewed by the actuary as at 30 June 1997.

(iii) Fund assets at net market value and vested benefits were calculated at 30 June 1995, being the date of the most recent financial statements of the fund.

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

(v) The net market value of net assets attributable to ERA is sufficient to meet the present value of ERA's employees accrued benefits.

(vi) Accrued benefits have been obtained from the latest actuarial review being 1 July 1995.

29. DIRECTORS' AND EXECUTIVES' REMUNERATION

(i) Remuneration of Directors

Directors' remuneration reflects remuneration in connection with the management of the affairs of the Company and its controlled entity. 1996 comparatives have been restated for consistency.

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

	THE COMPANY 1997	1996
\$0 to \$9,999	1	1
\$10,000 to \$19,999	1	1
\$20,000 to \$29,999	4	4
\$100,000 to \$109,999	-	1
\$110,000 to \$119,999	1	-
\$120,000 to \$129,999	-	1
\$130,000 to \$139,999	1	-
\$350,000 to \$359,999	-	1
\$420,000 to \$429,999	1	-

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

29. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties:

– the Company	551 *	485
– related parties (including North Limited)	217	203
	768	688

* Included in this amount is \$180,000 (1996: \$180,000) of Directors' fees. The balance of \$371,000 (1996: \$305,000) represents executive remuneration paid to Directors.

Total income paid or payable, or otherwise made available to all Directors of each entity in the economic entity from the Company, related parties or controlled entities:

– the Company	551	485
– related parties (including North Limited)	217	203
	768	688

(ii) Remuneration of Executives

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

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

The number of executive officers and executive Directors whose remuneration, which equals or exceeds \$100,000, from the Company and related parties, falls within the following bands:

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
\$120,000 to \$129,999	–	1	–	–
\$190,000 to \$199,999	–	1	–	1
\$220,000 to \$229,999	1	–	–	–
\$230,000 to \$239,999	1	–	1	–
\$240,000 to \$249,999	–	1	–	1
\$260,000 to \$269,999	1	–	1	–
\$290,000 to \$299,999	1	–	1	–
\$320,000 to \$329,999	–	1	–	1
\$350,000 to \$359,999	–	1	–	1
\$420,000 to \$429,999	1	–	1	–

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

Total remuneration received or due and receivable by these executives from:

– the Company	1,298	1,120	1,098	999
– related parties (including North Limited)	152	106	131	106
	1,450	1,226	1,229	1,105

30. 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 32.

ULTIMATE PARENT ENTITY

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

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/P Kausch (D Panthout, Alternate),
 Sir Rupert Myers KBE AO, M Shibata (Y Hirono/H Ohkawa/H Suzuki/K Takai/M Yoshida, Alternates), P J Shirvington.

Information relating to Directors' remuneration and retirement benefits is set out in note 29.

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

DIRECTOR-RELATED ENTITY

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

JAURD purchased drummed U₃O₈ during the year. All purchases were conducted on commercial terms and conditions.

Total sales revenue derived from JAURD totalled 1997: \$46,084,000 (1996: \$50,120,000).

Amounts receivable from JAURD at 30 June 1997 totalled \$13,346,000 (1996: \$13,436,000).

In February 1997 ERA signed a loan agreement with JAURD for a loan of up to 1,360 tonnes of U₃O₈. The agreement is on terms that are at least as good as market rates.

Interest paid in respect of the uranium loan totalled 1997: \$339,000 (1996: \$Nil).

Amount payable in respect of the uranium loan at 30 June 1997 totalled \$27,006,000 (1996: \$Nil) (note 21).

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

LOANS TO DIRECTORS

Loans to Directors disclosed in notes 9 and 12 are in respect of employee share schemes for shares in North Limited. These loans were made by Energy Resources of Australia Ltd to K W Lonie and K M Oxnam who are or were Directors of the controlled entity during the year.

Aggregate movements in loan balances:

Aggregate loans at the beginning of the financial year	23	34	23	25
Aggregate loans at the beginning of the financial year for new Directors	-	12	-	12
Add loans advanced during the financial year	7	14	7	10
Less loans transferred out to related corporations	-	(32)	-	(20)
Less loan instalments repaid during the financial year	(4)	(5)	(4)	(4)
Aggregate loans at the end of the financial year	26	23	26	23

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

LOAN FROM RELATED PARTY

During the year ERA entered into a US\$60 million loan facility with North Finance Limited. This facility was negotiated on commercial terms and conditions. At 30 June 1997 US\$38 million was utilised and recognised as a current borrowing.

CONSOLIDATED		THE COMPANY	
1997	1996	1997	1996
\$000	\$000	\$000	\$000

30. RELATED PARTIES (continued)

SUPERANNUATION FUND

Information relating to the economic entity's superannuation fund is set out in note 28.

OTHER RELATED PARTIES

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	1,441	822	1,301	822
Consulting fees paid to Controlled Entities	–	–	2,533	2,026
Marketing fees received from Related Parties	585	526	585	526
Consulting fees received from Related Parties	326	454	–	–
Net foreign exchange gains from Related Parties	4,044	1,754	4,044	1,754
Interest paid to Related Parties	1,285	–	1,285	–

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	9,106	9,106	9,106
Related Parties	9,157	9,157	9,157	9,157

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	–	–
Current Liabilities – Creditors				
Ultimate Parent Entity	–	427	–	427
Related Parties	2,062	73	2,062	73
Controlled Entity	–	–	5	455
Current Liabilities – Borrowings				
Related Parties	50,938	–	50,938	–

31. SHAREHOLDER-CUSTOMER TRANSACTIONS

Mr M Shibata is a Director of ERA and Japan Australia Uranium Resources Development Co Ltd (JAURD).

Mr Y Coupin was a Director of ERA (during the year) and Cogema Australia Pty Limited.

JAURD and OKG Aktiebolag purchased drummed U₃O₈ during the year. All purchases were conducted on commercial terms and conditions.

Total revenue derived from these entities totalled 1997: \$51,964,000 (1996: \$65,326,000 includes purchases through related entities of Cogema Australia Pty Limited) (note 33).

Amounts receivable from these entities at 30 June 1997 totalled \$19,377,000 (1996: \$25,710,000).

32. INVESTMENT IN CONTROLLED ENTITY

	CLASS OF SHARE	INTEREST HELD		PLACE OF INCORPORATION	PARENT INVESTMENT AT COST		CONTRIBUTION TO CONSOLIDATED PROFIT	
		1997	1996		1997	1996	1997	1996

Shares in controlled entity:

ERA Environmental Services Pty Ltd	Ordinary	100%	100%	NSW	100,000	100,000	122	91
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The above controlled entity is wholly owned and no dividends were paid to the parent entity (1996: \$Nil).

CONSOLIDATED		THE COMPANY	
1997	1996	1997	1996
\$000	\$000	\$000	\$000

33. FINANCIAL REPORTING BY SEGMENTS

GEOGRAPHICAL REGIONS

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

Australia	834	625	-	-
United States	105,510	60,197	105,510	60,197
Japan	68,856	71,930	68,856	71,930
Korea	25,393	12,805	25,393	12,805
Europe	29,968	34,793	29,968	34,793
	230,561	180,350	229,727	179,725

Sales revenue included above from direct shareholder-customers

	51,964	65,326	51,964	65,326
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INDUSTRIES

	URANIUM		CONSULTING		ELIMINATIONS		CONSOLIDATED	
	1997	1996	1997	1996	1997	1996	1997	1996
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sales revenue outside the economic entity	229,727	179,725	834	625	-	-	230,561	180,350
Intersegment revenue	-	-	2,533	2,026	(2,533)	(2,026)	-	-
Total sales revenue	229,727	179,725	3,367	2,651	(2,533)	(2,026)	230,561	180,350
Operating profit before tax	71,383	58,418	189	142	-	-	71,572	58,560
Total assets	924,032	864,595	841	1,005	(105)	(555)	924,768	865,045

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 Australia.

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

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

CONSOLIDATED		THE COMPANY	
1997	1996	1997	1996
\$000	\$000	\$000	\$000

34. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit after income tax	40,425	40,729	40,304	40,638
Add/(less) items classified as investing/financing activities:				
Loss on sale of non-current assets	80	1,002	80	998
Interest paid	3,761	5,433	3,761	5,433
Interest received	(1,574)	(3,154)	(1,568)	(3,144)
Add/(less) non-cash items:				
Depreciation and amortisation	37,418	34,204	37,349	34,188
Net exchange differences	(124)	478	(124)	478
Change in operating assets and liabilities:				
(increase)/decrease in trade debtors	(12,430)	(32,791)	(12,167)	(32,826)
(increase)/decrease in other debtors	4,751	4,716	4,677	4,825
(increase)/decrease in inventories	19,617	8,804	19,617	8,799
(increase)/decrease in prepayments	(3,031)	773	(3,031)	773
(decrease)/increase in trade and other creditors	3,416	(2,121)	2,991	(1,864)
(decrease)/increase in provision for income taxes payable	15,510	(7,207)	15,614	(7,206)
(decrease)/increase in net provision for deferred income tax and future income tax benefit	314	(8,016)	238	(8,013)
(decrease)/increase in other provisions	445	2,094	491	2,105
Net cash inflow from operating activities	108,578	44,944	108,232	45,184

(b) NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year the economic entity acquired inventory amounting to \$33,928,000 (1996: \$Nil) by way of a uranium loan. There was no cash flow associated with the acquisition of this inventory.

35. FINANCING ARRANGEMENTS

The economic entity has access to the following financing facilities:

Total facilities:

Bank overdrafts	1,500	1,500	1,500	1,500
Multiple option facility and bankers' acceptances	-	114,054	-	114,054
Bank loans	20,000	20,000	20,000	20,000
Uranium loan	51,139	-	51,139	-
Loan from related parties	80,429	-	80,429	-
	153,068	135,554	153,068	135,554

Used at balance date:

Bank overdrafts	145	567	145	373
Multiple option facility and bankers' acceptances	-	55,760	-	55,760
Bank loans	-	2,500	-	2,500
Uranium loan	33,928	-	33,928	-
Loan from related parties	50,938	-	50,938	-
	85,011	58,827	85,011	58,633

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1997

	CONSOLIDATED		THE COMPANY	
	1997	1996	1997	1996
	\$000	\$000	\$000	\$000

35. FINANCING ARRANGEMENTS (continued)

Unused at balance date:

Bank overdrafts	1,355	933	1,355	1,127
Multiple option facility and bankers' acceptances	—	58,294	—	58,294
Bank loans	20,000	17,500	20,000	17,500
Uranium loan	17,211	—	17,211	—
Loan from related parties	29,491	—	29,491	—
	68,057	76,727	68,057	76,921

Interest rates on all facilities are variable unless indicated otherwise below.

BANK OVERDRAFTS

The bank overdrafts are unsecured and may be drawn at any time.

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

MULTIPLE OPTION FACILITY AND BANKERS' ACCEPTANCES

Both facilities were cancelled during the year.

Both facilities were subject to a negative pledge agreement.

The Multiple Option Facility was unsecured and amounts denominated in United States dollars could be drawn down at any time by the issue of transferable loan certificates and/or notes.

BANK LOANS

The loans are unsecured and denominated in Australian dollars and may be drawn at any time. They are payable on demand and subject to annual review.

URANIUM LOAN

The loan is unsecured and may be drawn on until 30 June 1998.

The facility expires in December 2006, at which time all borrowings will have been repaid. The agreement is on terms that are at least as good as market rates.

For the purpose of this note, amounts have not been revalued to current spot U₃O₈ prices and are based on the original draw down prices.

LOAN FROM RELATED PARTIES

The loan is unsecured and denominated in United States dollars and may be drawn on until January 1998.

36. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

The Australian dollar equivalents of unhedged United States dollars payable or receivable, calculated at the year end exchange rate, are as follows:

Current – Receivables				
Trade debtors	16,710	27,064	16,710	27,064
Other debtors	24	76	24	76
Current – Accounts Payable				
Accounts payable	4,579	1,605	4,579	1,605

1997**1996**

37. EARNINGS PER SHARE

Basic earnings per share:	\$0.21	\$0.21
Diluted earnings per share:	\$0.21	\$0.21

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share:
1997: 190,737,934 shares (1996: 190,737,934 shares).

38. POST BALANCE DATE EVENTS

On 21 July 1997 ERA repaid US\$38,000,000 of debt.

39. DERIVATIVE FINANCIAL INSTRUMENTS**INTEREST RATE RISK**

The economic entity enters into interest rate swaps to lower funding costs, to protect against adverse interest rate movements or to alter interest rate exposure arising from mismatches between assets and liabilities.

Interest rate swaps allow the economic entity to raise long-term borrowings at fixed rates and swap them into floating rates. They may also be used to fix rates at more favourable levels in the short to mid-term.

FOREIGN EXCHANGE RISK

The economic entity enters into forward exchange contracts and foreign exchange option contracts to hedge firm and anticipated purchase and sale commitments denominated in foreign currencies (principally US dollars). Deferred gains or losses on the forward exchange contracts are included as part of the purchase or sale transaction when it is recognised. The premiums paid for foreign exchange option contracts are carried forward as prepayments and are included as part of the purchase or sale transaction when it is recognised.

The economic entity may hold foreign exchange hedge instruments for periods up to 10 years. A minimum of 100% cover is required for the first year from balance date, with no minimum requirement thereafter.

CREDIT RISK

Credit risk refers to the likelihood of a loss being recognised if a counterparty failed to perform as contracted. Swap, option and forward rate agreements are subject to counterparty limits related to the credit worthiness of counterparties, principally banks and financial institutions, as determined by their Standard & Poor's long-term credit ratings, with a minimum of A minus.

STATEMENT BY DIRECTORS AND AUDITORS' REPORT

Statement by Directors and Auditors' Report

STATEMENT BY DIRECTORS

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

- (a) the Financial Statements set out on pages 40 to 61 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 1997, and the state of affairs at 30 June 1997, 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 21st day of August 1997 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 1997 consisting of the Profit and Loss Accounts, Balance Sheets, Statements of Cash Flows, accompanying notes, and the Statement by Directors set out on pages 40 to 62.

The Financial Statements comprise the accounts of the Company and the consolidated accounts of the economic entity, being the Company and its controlled entity. The Company's Directors are responsible for 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 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 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, 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 1997 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, 21 August, 1997

Shareholder Information

TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 21 August 1997

Shareholders	Number of Shares Held
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
Permanent Trustee Company Limited	2,390,358
Chase Manhattan Nominees Limited	1,954,630
Pendal Nominees Pty Limited	1,323,799
National Nominees Limited	828,053
Westpac Custodian Nominees Limited	414,494
ANZ Nominees Limited	346,469
Sydney Reinsurance Company Limited	244,170
BT Custodians Limited	241,419
NRMA Investments Pty Limited	170,275
Reinsurers Investments Pty Limited	157,650
Bankers Trust Life Limited	150,675
QBE International (Investments) Pty Limited	100,000
QBE Nominees Pty Limited	100,000
Clipper Investments Ltd	93,725
QBE Securities Pty Limited	89,911
Sandhurst Trustees Ltd	86,865
Icians Pension Fund Securities Pty Limited	70,600
Whitefield Ltd	56,000
Total of top twenty holdings	139,269,197

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 97.49%.

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 21 August 1997

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

DISTRIBUTION OF SHAREHOLDERS AS AT 21 AUGUST 1997

(a) A CLASS ORDINARY SHAREHOLDERS

Equal to 74.90% of the issued capital

	Number of Shareholders	%	Number of Shares	%
1-1,000	7,112	92.10	1,465,499	1.03
1,001-5,000	509	6.59	1,033,355	0.72
5,001-10,000	44	0.57	317,253	0.22
10,001-100,000	44	0.57	1,528,085	1.07
over 100,001	13	0.17	138,521,254	96.96
	7,722	100.00	142,865,446	100.00

There were 2,125 holders of less than a marketable parcel of ordinary shares.

(b) B CLASS ORDINARY SHAREHOLDERS

Equal to 14.46% 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% of the issued capital

	Number of Shares	%
Japan Australia Uranium Resources Development Co Ltd	20,299,020	100.00
TOTAL ISSUED SHARES	190,737,934	100.00

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

STOCK EXCHANGE LISTING

ERA shares are listed on the exchanges of the Australian Stock Exchange Ltd. The home exchange is Sydney.

TEN YEAR PERFORMANCE

Ten Year Performance

Year Ended 30 June	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Sales Revenue (\$000)	230,561	180,350	140,034	152,178	159,505	170,459	210,407	206,898	177,516	251,300
Earnings Before Interest and Tax	73,759	60,839	38,006	46,055	75,003	71,888	101,999	130,762	90,608	149,252
Profit Before Tax (\$000)	71,572	58,560	35,424	44,281	72,528	69,089	101,604	125,830	80,630	131,055
Income Tax Expense (\$000)	31,147	17,831	23,058	17,774	14,838	30,403	27,554	68,328	42,876	67,985
Profit After Tax (\$000)	40,425	40,729	12,366	26,507	57,690	38,686	74,050	57,502	37,754	63,070
Total Assets (\$000)	924,768	865,045	899,984	920,489	975,560	945,406	827,756	847,491	882,081	914,622
Shareholders' Equity (\$000)	668,499	654,777	640,752	651,652	625,145	567,455	545,169	464,793	448,291	546,939
Long-Term Debt (\$000)	27,006	31,073	69,952	88,499	120,127	174,491	52,107	39,566	102,821	82,953
Current Ratio	1.41	2.15	2.14	2.27	1.96	2.33	2.24	0.98	1.10	1.41
Liquid Ratio	0.68	1.07	1.06	1.13	1.09	0.84	0.96	0.49	0.56	0.91
Gearing Ratio (%)	3.9	4.5	9.8	12.0	16.3	23.9	13.3	12.1	22.2	15.1
Interest Cover (times)	19.6	11.2	7.5	13.1	18.2	15.5	19.6	12.6	5.2	6.6
Return on Shareholders' Equity (%)	6.1	6.3	1.9	4.2	9.7	7.0	14.7	12.6	7.6	12.0
Earnings Per Share (cents)	21.2	21.4	6.4*	6.5	14.1	9.4	18.1	14.0	9.2	15.4
Dividends Per Share (cents)	14.0	14.0	252.5	—	—	4.0	10.0	10.0	15.0	10.0
Payout Ratio (%)	66.1	65.6	1,757.7**	—	—	42.4	55.4	71.3	162.9	65.0
Share Price (\$)	5.90	4.65	2.92	1.25	1.30	1.22	1.47	2.00	2.32	2.80
Price-Earnings Ratio	27.8	21.8	45.6	19.2	9.2	12.9	8.1	14.3	25.2	18.2
Dividend Yield (%)	2.4	3.0	86.5	—	—	3.3	6.8	5.0	6.5	3.6
Net Tangible Assets per Share (\$)	3.50	3.43	3.36	1.59	1.52	1.38	1.33	1.13	1.09	1.33
No. of employees	246	215	198	193	198	191	339	340	354	374
Profit After Tax per Employee (\$000)	164.3	189.4	62.4	137.3	291.4	202.5	218.4	169.1	106.6	168.6
Ore Mined (million tonnes)	0.709	—	0.841	0.712	0.830	0.435	0.661	1.085	2.400	2.130
Ore Milled (million tonnes)	1.571	1.201	0.578	0.437	0.426	0.986	1.090	1.089	0.975	0.782
Mill Head Grade (% U ₃ O ₈)	0.311	0.349	0.345	0.389	0.348	0.324	0.295	0.314	0.408	0.423
Mill Recovery (%)	85.51	85.11	82.90	85.69	90.56	89.83	90.78	90.10	91.06	91.95
Production (tonnes U ₃ O ₈) – drummed	4,236.9	3,453.3	1,548.2	1,461.8	1,335.1	2,980.0	2,908.3	3,084.0	3,595.5	3,041.5
Sales – Ranger Concentrates (tonnes U ₃ O ₈)	3,956.3	3,363.9	2,012.8	1,934.9	2,250.3	2,230.1	2,598.5	2,716.1	2,633.4	3,274.0
Sales – Other Concentrates (tonnes U ₃ O ₈)	1,464.3	867.6	1,418.4	1,510.3	848.0	1,328.4	802.3	47.6	—	—
Sales – Total (tonnes U ₃ O ₈)	5,420.6	4,231.6	3,431.2	3,445.2	3,098.3	3,558.5	3,400.8	2,763.7	2,633.4	3,274.0

* Based on reconstructed capital ** Based on special dividend

DEFINITION OF STATISTICAL RATIOS

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

Balance Sheets

AS AT 30 JUNE 1997

	Note	CONSOLIDATED		THE COMPANY	
		1997 \$000	1996 \$000	1997 \$000	1996 \$000
CURRENT ASSETS					
Cash	8	7,661	10,770	7,648	10,769
Receivables	9	77,476	68,782	77,131	68,531
Inventories	10	83,731	80,639	83,731	80,639
Other	11	8,175	6,765	8,175	6,764
TOTAL CURRENT ASSETS		177,043	166,956	176,685	166,703
NON-CURRENT ASSETS					
Receivables	12	1,762	–	1,668	–
Investments	32	–	–	100	100
Inventories	13	31,208	20,349	31,208	20,349
Exploration and evaluation expenditure capitalised	14	153,619	152,257	153,619	152,257
Property, plant and equipment	15	556,452	522,544	556,165	522,335
Other	16	4,684	2,939	4,587	2,851
TOTAL NON-CURRENT ASSETS		747,725	698,089	747,347	697,892
TOTAL ASSETS		924,768	865,045	924,032	864,595
CURRENT LIABILITIES					
Accounts payable	17	24,234	15,905	24,017	16,114
Borrowings	18	51,083	29,680	51,083	29,486
Provisions	19	48,343	30,565	48,242	30,357
Other	20	1,587	1,541	1,587	1,541
TOTAL CURRENT LIABILITIES		125,247	77,691	124,929	77,498
NON-CURRENT LIABILITIES					
Borrowings	21	27,006	29,147	27,006	29,147
Provisions	22	104,016	101,504	103,890	101,418
Other	23	–	1,926	–	1,926
TOTAL NON-CURRENT LIABILITIES		131,022	132,577	130,896	132,491
TOTAL LIABILITIES		256,269	210,268	255,825	209,989
NET ASSETS		668,499	654,777	668,207	654,606
SHAREHOLDERS' EQUITY					
Share capital	24	38,148	38,148	38,148	38,148
Reserves	25	565,937	565,937	565,937	565,937
Retained profits		64,414	50,692	64,122	50,521
TOTAL SHAREHOLDERS' EQUITY		668,499	654,777	668,207	654,606

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

STATEMENTS OF Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 1997

	Note	CONSOLIDATED		THE COMPANY	
		1997 \$000 inflows (outflows)	1996 \$000 inflows (outflows)	1997 \$000 inflows (outflows)	1996 \$000 inflows (outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		215,488	145,054	214,823	145,110
Payments to suppliers and employees		(108,064)	(79,858)	(107,863)	(79,747)
		107,424	65,196	106,960	65,363
Income taxes paid		(15,343)	(31,264)	(15,225)	(31,191)
Rehabilitation Trust Fund refunds		16,497	11,012	16,497	11,012
NET CASH INFLOW FROM OPERATING ACTIVITIES	34(a)	108,578	44,944	108,232	45,184
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(67,008)	(11,362)	(66,860)	(11,119)
Proceeds from sale of property, plant and equipment		798	363	796	340
Interest received		3,269	1,911	3,263	1,901
Jabiluka study costs paid and capitalised		(1,362)	(226)	(1,362)	(226)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(64,303)	(9,314)	(64,163)	(9,104)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		25,240	21,724	25,240	21,724
Proceeds from borrowings – related parties		63,371	–	63,371	–
Repayment of borrowings		(88,310)	(48,496)	(88,310)	(48,496)
Repayment of borrowings – related parties		(13,327)	–	(13,327)	–
Interest and other costs of finance paid		(3,595)	(5,992)	(3,595)	(5,992)
Dividends paid		(30,518)	(30,896)	(30,518)	(30,896)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(47,139)	(63,660)	(47,139)	(63,660)
NET DECREASE IN CASH HELD		(2,864)	(28,030)	(3,070)	(27,580)
Cash at the beginning of the financial year		10,203	38,711	10,396	38,454
Effects of exchange rate changes on cash		177	(478)	177	(478)
CASH AT THE END OF THE FINANCIAL YEAR	8	7,516	10,203	7,503	10,396

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

Information on DIRECTORS



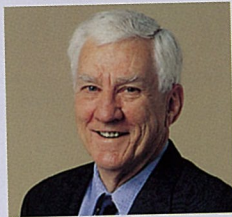
Campbell McC Anderson
Chairman

BEc, age 55, 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 President of the Australia-Japan Society of Victoria.



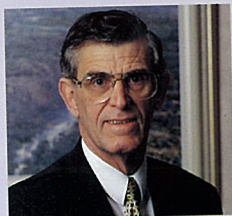
Malcolm W Broomhead
Deputy Chairman

BE, MBA, age 44, was appointed to the ERA Board in January 1992 and as Deputy Chairman in February 1994. Mr Broomhead is Deputy Managing Director of North Limited and a Director of the National Association of Forest Industries and is a former Director of Pasmaico Limited.



Tom Barlow

BE(Hons), age 68, 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.



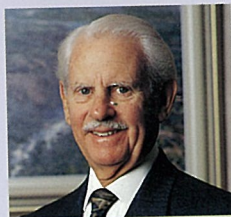
Alex Carmichael

AO, CBE, BSc, age 60, 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 the Australian National Railways Commission and the Price Waterhouse Australasian Partnership.



Dr Peter Kausch

Age 57, was appointed to the ERA Board in October 1996 at the nomination of the B Class shareholders. Dr Kausch, a mining engineer, is Senior Vice President Foreign Mining Activities Division of Rheinbraun and Chairman of Rheinbraun Australia Pty Limited.



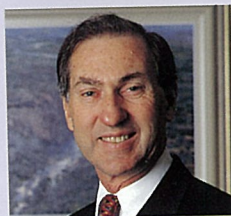
Sir Rupert Myers

KBE, AO, MSc, PhD, DSc(Hon), DEng(Hon), LLd(Hon), Dlit(Hon), FTSE, FAA, age 76, 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.



Masuo Shibata

Age 67, was appointed to the ERA Board in February 1991 at the nomination of the C Class shareholders. Mr Shibata is President of Japan Australia Uranium Resources Development Co Ltd (JAURD) and also President of Japan Indonesia LNG Co Ltd (JILCO).



Phillip Shirvington
Chief Executive

MSc, age 56, 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.

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
- Environmental Services

AUDITORS

KPMG

BANKERS

Westpac Banking
Corporation

Commonwealth
Bank of Australia



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ACT 2601
Telephone (02) 6217 6000

PUBLICATIONS AVAILABLE FROM ERA

Rehabilitation at Ranger (1997)
Nuclear Issues – Briefing Papers (1997)
Jabiluka Fact Sheets (1997)
Aboriginal People and Ranger (1996)
The Ranger Operation (1996)
Managing Water at Ranger (1990)
ERA Newsletter (quarterly)

ANNOUNCEMENTS

1997 FINANCIAL YEAR

- 3/07/96 Financial Effects to ERA of Division 3B High Court Decision
- 19/07/96 Quarterly Production & Exploration Report to 30 June 1996
- 15/08/96 Full year results to 30 June 1996
- 27/09/96 ERA Welcomes Comprehensive Test Ban Treaty
- 4/10/96 Ranger Orebody #3 Development
- 11/10/96 Draft EIS for Jabiluka to be released
- 17/10/96 Change of Director – Y Coupin to P Kausch
- 17/10/96 Quarterly Production & Exploration Report to 30 September 1996
- 25/10/96 ERA Consulting with Aboriginal Land Owners over Proposed Mine
- 29/10/96 Jabiluka Environmental Impact Statement
- 7/11/96 ERA Appears Before Senate Committee
- 27/11/96 Quarterly Profit Report to 30 September 1996
- 12/12/96 Tragic Accident at Ranger Mine Site
- 28/01/97 Submissions received on the EIS
- 29/01/97 Quarterly Production & Exploration Report to 31 December 1996
- 29/01/97 Half Year Results to 31 December 1996
- 18/02/97 ERA Negotiates Uranium Loan
- 23/04/97 Quarterly Production and Exploration Report to 31 March 1997
- 23/04/97 Quarterly Profit Report to 31 March 1997
- 11/06/97 Legal Claim by Traditional Owner Against Commonwealth on Jabiluka
- 12/06/97 Jabiluka EIS to be Released
- 17/06/97 Jabiluka EIS Begins Approval Process

1998 FINANCIAL YEAR

- 11/07/97 Comment on Cost of Second Proposal for Jabiluka (Media misquote)
- 11/07/97 Jabiluka EIS recommendation
- 17/07/97 Quarterly Production & Exploration Report to 30 June 1997
- 21/08/97 Full Year Results and Dividend Announcement to 30 June 1997
- 16/10/97 ERA Annual General Meeting
- 17/10/97 Proposed Quarterly Production & Exploration Report to 30 September 1997
- 27/11/98 Proposed Quarterly Production & Exploration Report to 31 December 1997
- 16/4/98 Proposed Quarterly Production & Exploration Report to 31 March 1998
- 30/6/98 End of 1998 Financial Year