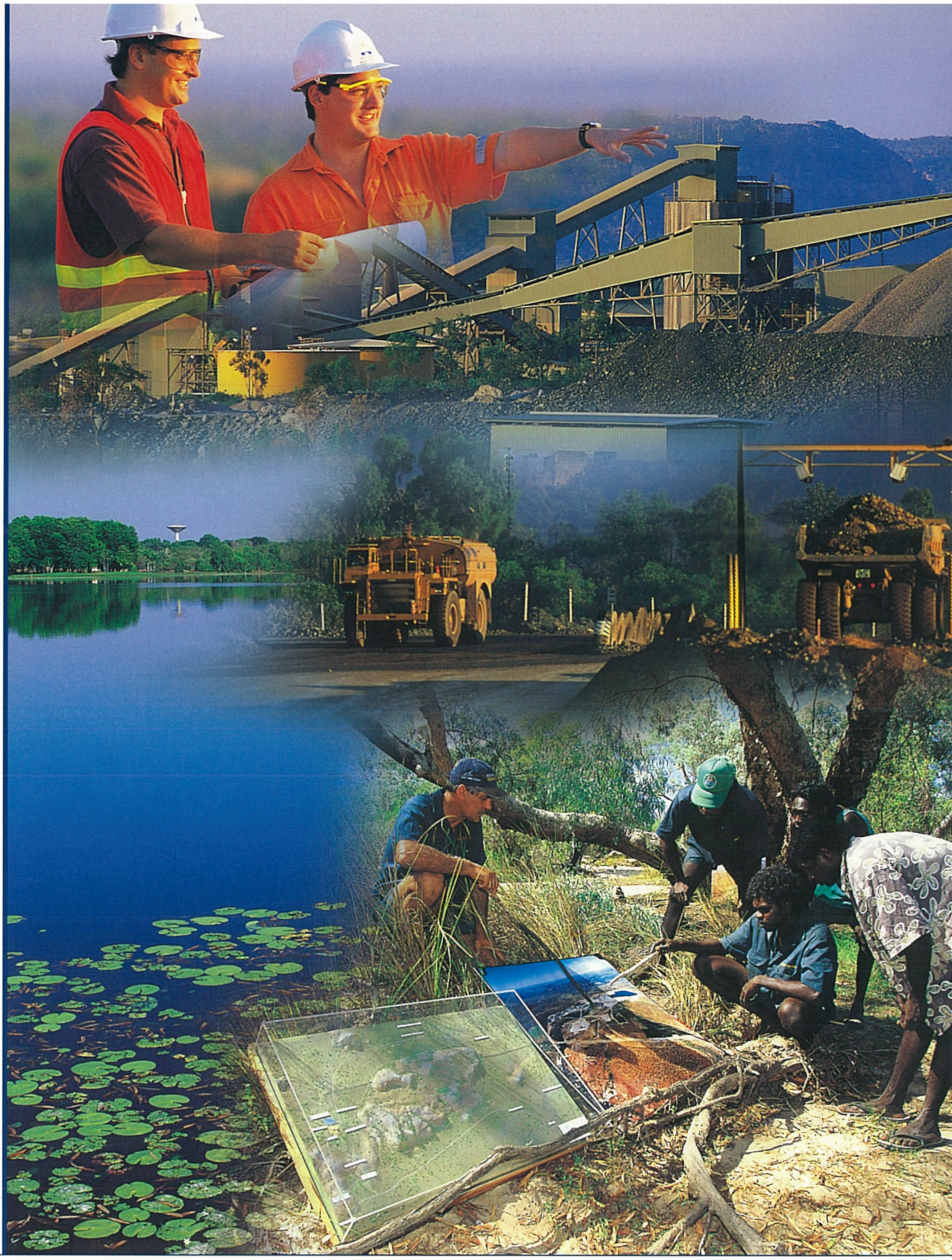


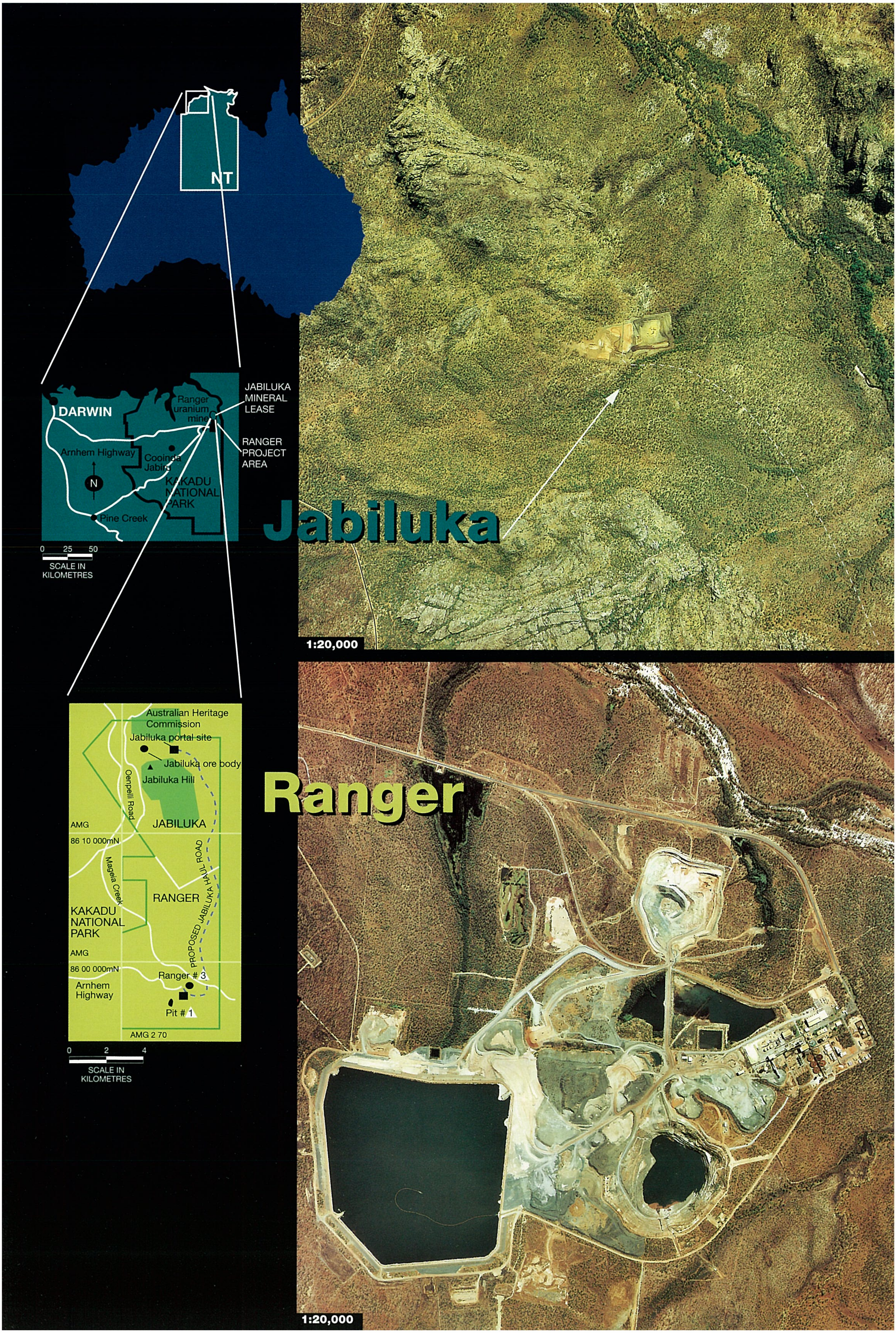
ANNUAL

REPORT

1998

ENERGY RESOURCES OF AUSTRALIA LTD

ACN 008 550 865



NT
DARWIN
Ranger uranium mine
JABILUKA MINERAL LEASE
RANGER PROJECT AREA
Arnhem Highway
Cooinda
Jabiru
N
KAKADU NATIONAL PARK
Pine Creek
0 25 50
SCALE IN KILOMETRES
Jabiluka
1:20,000
Australian Heritage Commission
Jabiluka portal site
Jabiluka ore body
Jabiluka Hill
Oenpelli Road
AMG
JABILUKA
86 10 000mN
Magela Creek
PROPOSED JABILUKA HAUL ROAD
RANGER
KAKADU NATIONAL PARK
AMG
86 00 000mN
Ranger # 3
Arnhem Highway
Pit # 1
AMG 2 70
0 2 4
SCALE IN KILOMETRES
Ranger
1:20,000

$U_3O_8$ based on the excellent plant performance in the first half. The Company was able to easily meet its sales requirements with existing Ranger stocks.

Development of the Jabiluka mine commenced on 15 June 1998, after approvals were granted by the Northern Territory Government on 2 June 1998. All environmental approvals for the Jabiluka mine and milling at Ranger are now in place and sales contracts have been approved by the Commonwealth Government. The Company is awaiting the Commonwealth Government's decision on the Jabiluka Mill Alternative Public Environment Report.

The Senior Traditional Owner of Jabiluka is opposed to the development due in part to some very valid social concerns in respect of the general Kakadu area. ERA has committed to assist in addressing these concerns. The Kakadu Region Social Impact Study (KRSIS) was undertaken in 1997 and identified the concerns and the vision of local Aboriginal people. As part of the Company's proposal to mine Jabiluka, the Company has undertaken to implement many of the solutions identified in the Study, such as provision of housing, training, employment, support of Aboriginal business, social impact monitoring, alcohol counselling, bridging education and a Women's Resource Centre.

During the year, the Company paid over $9 million in Aboriginal royalty type payments, and over the life at the Ranger mine, has paid $146 million in rent and Aboriginal royalty type payments.

Commonwealth Government negotiations are continuing with the Northern Land Council, which acts on behalf of Traditional Owners, in regard to the extension of the Ranger Project Authority beyond 2000. It is expected a final decision on the terms of the extension, which may require arbitration, will be made early next year.

## Table 1: Shares

| | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| Shareholders | 7,513 | 7,803 | 8.329 | 12,095 | 12,688 |
| Price, $ per share | | | | | |
| year high | 6.04 | 6.50 | 6.25 | 6.90* | 1.92 |
| year low | 3.00 | 4.65 | 2.70 | 1.20 | 1.25 |
| year end | 3.02 | 5.90 | 4.65 | 2.92** | 1.25 |

* 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

## Table 2: Highlights

| YEAR ENDED 30 JUNE | 1998 | 1997 | % CHANGE |
|---|---|---|---|
| **Financial, $'000** | | | |
| Sales revenue | 201.3 | 230.6 | -12.7% |
| Operating profit before tax | 47.6 | 71.6 | -33.5% |
| Income tax expense | 20.9 | 31.1 | -32.9% |
| Operating profit after tax | 26.7 | 40.4 | -33.9% |
| Total assets | 907.2 | 924.8 | -1.9% |
| Issued capital | 38.2 | 38.2 | 0.0% |
| Capital and reserves | 668.5 | 668.5 | 0.0% |
| Earnings per share, cents | 14.0 | 21.2 | -33.9% |
| Return on shareholders' equity, per cent | 4.0 | 6.1 | -34.4% |
| Dividend per share, cents | 14.0 | 14.0 | 0.0% |
| **Production** | | | |
| Ore mined, million tonnes | 2.310 | 0.709 | 225.8% |
| Ore milled, million tonnes | 1.843 | 1.571 | 17.3% |
| Mill head grade, per cent $U_3O_8$ | 0.269 | 0.311 | -13.5% |
| Total Production, tonnes $U_3O_8$ drummed | 4,161.9 | 4,236.9 | -1.8% |
| **Sales Tonnes** | | | |
| Ranger | 4,635.3 | 3,956.3 | 17.2% |
| Other | 292.5 | 1,464.3 | -80.0% |
| Total | 4,927.8 | 5,420.6 | -9.1% |

During the year, a survey of employee opinions was undertaken. Although perceived to be strong in the areas of stakeholder service, the Company was perceived to have some weakness in the communication area aggravated by the strains imposed by the development of Ranger #3, the Ranger mill expansion and Jabiluka. Management is working closely with all employees to address these concerns.

Environmentally, Ranger continued to perform well, ensuring its 18-year history of no detrimental impact on the surrounding environment was confirmed by the government supervisory authorities.

### OUTLOOK

With the problems in the processing plant now overcome, the Company is expected to produce between 5,000 and 5,500 tonnes $U_3O_8$ in the coming year. Some of this will be used to replenish inventory levels, however most will be sold.

Sales volumes are expected to increase in line with production. As activity increases on the spot market, prices should also improve.

The long-term future of the Company is strengthened, with Jabiluka mine approvals in place and mining of Ranger #3 planned to continue until 2004.

# finance

Morning light engulfs the processing plant at Ranger. The plant capacity expansion was fully commissioned during the year.

## 1998 HIGHLIGHTS

- Profit after tax of $26.7 million
- Total dividends of 14.0 cents per share declared

## 1999 OBJECTIVES

- To maximise profit
- To maximise shareholder value
- To maintain optimum debt level

## EARNINGS DECREASE

Profit after tax decreased to $26.7 million (1997: $40.4 million) primarily as a result of weak uranium prices, with earnings before interest and tax decreasing by 34 per cent to $48.8 million for the financial year (1997: $73.8 million). In 1997 ERA also received the benefit of an $8.5 million refund from the Ranger Rehabiliation Trust Fund.

Sales of 4,635 tonnes $U_3O_8$ of Ranger material (1997: 3,956 tonnes $U_3O_8$), was a new record for Ranger sales, however total sales decreased to 4,928 tonnes $U_3O_8$ (1997: 5,421 tonnes $U_3O_8$). Third party sales decreased considerably to 293 tonnes $U_3O_8$ (1997: 1,464 tonnes $U_3O_8$) due to the completion of the Company's contract for the supply of uranium concentrates with Kazakstan in 1997.

Sales revenue, reflecting the lower sales and uranium prices, for the financial year totalled $201.3 million (1997: $230.6 million). The restricted spot price for uranium reached a high of US$12.75 per pound $U_3O_8$ (1997: US$16.50 per pound $U_3O_8$) during the year and a low of US$10.20 per pound $U_3O_8$ (1997: US$10.50 per pound $U_3O_8$). Less than half of the Company's sales contracts are affected by spot price movements.

Profit after tax of $26.7 million included once-off tax related benefits of $3.3 million. The major component was the development allowance received for the Ranger #3 and plant capacity expansion projects.

The Company continued its policy of managing its foreign exchange exposure. ERA's average hedged rate was slightly higher than the $US/$A spot exchange rate of 0.682 for the year. As a result, the Company was unable to participate in all of the benefit of the lower Australian dollar in the latter part of the year.

Unit cash costs of production increased by 9 per cent due to the problems experienced in the process plant in the second half of the year (see Operations page 9 for details).

For the first time in several years ERA did not receive a refund from the Ranger Rehabilitation Trust Fund following the Commonwealth Government's assessment of the cost of carrying out rehabilitation. This was due to an increase in the assessment of costs relating to the movement of waste rock and the final capping of the tailings. The Fund has a cash balance in excess of $30 million.

### Table 3: Profit & Loss Summary

$000

| YEAR ENDED 30 JUNE | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| Sales revenue | 201.3 | 230.6 | 180.4 | 140.0 | 152.2 |
| Net expenses | 152.5 | 156.8 | 119.6 | 102.0 | 106.1 |
| Abnormal items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before interest & tax | 48.8 | 73.8 | 60.8 | 38.0 | 46.1 |
| Net interest expense | 1.2 | 2.2 | 2.2 | 2.6 | 1.8 |
| Operating profit before tax | 47.6 | 71.6 | 58.5 | 35.4 | 44.3 |
| Income tax expense | 20.9 | 31.2 | 17.8 | 23.0 | 17.8 |
| Operating profit after tax | 26.7 | 40.4 | 40.7 | 12.4 | 26.5 |

### Table 4: Simplified Balance Sheet

$000

| AT 30 JUNE | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| Shareholders' equity | 668.5 | 668.5 | 654.8 | 640.8 | 651.7 |
| Share capital | 38.2 | 38.2 | 38.2 | 38.2 | 410.0 |
| Reserves | 565.9 | 565.9 | 565.9 | 565.9 | – |
| Retained profits | 64.4 | 64.4 | 50.7 | 36.7 | 241.7 |
| Represented by: | | | | | |
| Non-current assets | 741.4 | 747.7 | 698.1 | 728.7 | 739.9 |
| property, plant & equipment | 534.2 | 556.5 | 522.5 | 546.5 | 559.2 |
| exploration, evaluation and development expenditure | 158.7 | 153.6 | 152.3 | 152.0 | 150.4 |
| other | 48.5 | 37.7 | 23.3 | 30.2 | 30.3 |
| Non-current liabilities | 191.4 | 131.0 | 132.6 | 179.2 | 189.3 |
| creditors and borrowings | 81.2 | 27.0 | 29.1 | 72.7 | 90.4 |
| other | 110.2 | 104.0 | 103.5 | 106.5 | 98.9 |
| Working Capital | 118.5 | 51.8 | 89.3 | 91.3 | 101.1 |
| cash | 3.7 | 7.7 | 10.7 | 39.4 | 58.0 |
| net receivables | 35.7 | 53.2 | 52.9 | 26.3 | 17.8 |
| stock | 95.2 | 83.7 | 80.6 | 82.5 | 85.2 |
| other | (16.1) | (92.8) | (54.9) | (56.9) | (59.9) |
| Net Assets | 668.5 | 668.5 | 654.8 | 640.8 | 651.7 |
| Earnings per share, cents | 14.0 | 21.2 | 21.4 | 6.4* | 6.5 |
| Return on shareholders' equity, per cent | 4.0 | 6.1 | 6.3 | 1.9 | 4.2 |
| Dividends per share, cents | 14.0 | 14.0 | 14.0 | 252.5 | – |

* Based on reconstructed capital

## BORROWINGS

ERA increased its borrowings of uranium during the year under its loan arrangement with shareholder, Japan Australia Uranium Resources Development Co Ltd (JAURD). Half of this material was used to meet existing sales commitments with the profit on these sales being deferred until the time of the repayment of the loan. Repayment of this loan, from future Ranger production, is scheduled to commence in 2003 over a four year period. The other half of the loan is being used as buffer stock, thereby allowing Ranger material to be sold under existing contracts.

Borrowings during the year increased to $81.2 million (1997: $75.9 million) at year end reflecting the further drawdown under the uranium loan. ERA replaced its short term bridging loan from North Finance Limited with a three year US$60 million facility from North Finance Limited. This facility was made on "arm's length" commercial terms. Net debt (borrowings minus cash) increased to $77.6 million (1997: $68.2 million).

## CAPITAL EXPENDITURE

Capital expenditure of $26.3 million was undertaken during the year. This was mainly associated with finalisation of the plant capacity expansion, the development of Jabiluka, the purchase of a haul truck, the commissioning of the dredge for the purpose of tailings management, work on the new ERA business computer system, initial work on the acid plant upgrade and the building of the new sulfur storage facility during the period. This represents a decrease of 64 per cent on the 1997 year's expenditure of $73.6 million which included most of the costs associated with the plant capacity expansion.

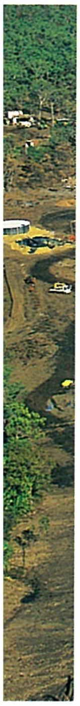
In order to continue to decrease costs and to continue the development of Jabiluka, capital expenditure is expected to increase in 1999. In particular it is planned to upgrade the acid plant and undertake further construction on the Jabiluka mine.

## DIVIDENDS

All of the Company's profit generated during the year was distributed as dividends which included an interim dividend of 6.0 cents (1997: 6.0 cents) paid on 26 February 1998.

The Directors declared a final dividend of 8.0 cents (1997: 8.0 cents). The dividend will be fully franked at 36 per cent and will be paid on 23 September 1998. The record date for the dividend is 9 September 1998.

# development



Construction at Jabiluka is well under way.

## 1998 HIGHLIGHTS

- Work commenced at Jabiluka
- Plant capacity expansion finalised
- Completed sulfur storage facility

## 1999 OBJECTIVES

- Finalise approvals for Jabiluka
- Construct decline for access to the Jabiluka ore body
- Complete computer system upgrade
- Undertake acid plant upgrade

## ADDENDUM:

Following the signing of the Directors' Report on 20 August 1998, the Minister for Resources and Energy provided final approval for the Jabiluka Mill Alternative Public Environment Report (PER). This approval, on 27 August 1998, was based on all the tailings being returned to the underground mine voids and is subject to stringent environmental and cultural requirements. All Commonwealth approvals for Jabiluka are now in place.

On 21 August 1998, the appeal by Yvonne Margarula to the Full Federal Court regarding the validity of the Jabiluka lease was dismissed. The earlier finding in ERA's favour, that the lease is valid, was upheld.

## JABILUKA

During the year the development of Jabiluka became a reality with final Commonwealth approvals for the Jabiluka Environmental Impact Study (EIS) granted in October 1997, approval to commence development of the mine granted in June 1998, and sales contracts for Jabiluka material approved by the Commonwealth Government.

ERA submitted a Public Environment Report (PER) on the Jabiluka Mill Alternative to the Commonwealth Government in June 1998. Although the Company would still prefer to mill the Jabiluka ore at Ranger, the PER has been prepared in response to the opposition of some Traditional Owners to milling at Ranger. The PER addresses the option of milling at Jabiluka and the Company is currently waiting for the Commonwealth Government's decision on the PER.

ERA commenced construction of the Jabiluka mine in June 1998. The construction phase is expected to be completed in 2000. Jabiluka contains 90,400 tonnes $U_3O_8$ representing 60 per cent of the Company's reserves.

The high standard of the Jabiluka EIS was recognised, not only through the approval process, but also when the document won the Northern Territory Engineering Excellence award, from the Institution of Engineers.

In May 1998 the Company completed consultations with the Northern Land Council (NLC), which acts on behalf of the Aboriginal people, on the change in concept of design and operation of ERA's current proposal for the development of Jabiluka compared with that contemplated in 1982. This was after the matter had been referred to a Committee which gave approval for ERA's changes.

The original 1982 Agreement with the Aboriginal owners to mine Jabiluka, an agreement which was assigned to ERA in 1991, allowed for this Committee to be formed if the NLC did not agree with the proposed changes. The Committee consisted of representatives of the local Bininj (Aboriginal) Working Committee, the NLC, the Supervising Scientist Group, the Northern Territory and Commonwealth Governments and the Company. The decision of the Committee opened the way for development approval to be given for Jabiluka.

Following these consultations with the NLC, the Company has agreed to provide an additional $9 million in benefits to the local Aboriginal community over and above the $210 million in royalties the Jabiluka mine is expected to generate for the Northern Territory Aboriginal community. This is in addition to employment and training opportunities for local Aboriginal people. Approximately 20 per cent of people working on the Jabiluka project will be Aboriginal.

These benefits include:

- Provision of new housing for approximately 65 Aboriginal families;
- Assistance for Aboriginal businesses;
- Funding of a Women's Resource Centre; and
- Funding for a bridging education unit for local Aboriginal children.

The decision of the Aboriginal people on where the processing of Jabiluka ore is to take place – at the existing Ranger plant or at a new plant at Jabiluka – is still to be finalised.

Several legal actions were taken by Yvonne Margarula in relation to the development of Jabiluka. These cases have been heard and the judgements have been reserved. The Company is confident of successful outcomes.

## RANGER #3 AND PLANT CAPACITY EXPANSION

The development of Ranger #3 and the plant capacity expansion were finalised by August 1997. Ranger #3 mining is ahead of schedule. Initially the plant performed well above expectations, however, in February 1998 the Company started to experience some technical difficulties in the plant which are reported in the Operations section, page 9. The cause of the problem has been identified and the problem is now under control.

## COMPUTER SYSTEM UPGRADE

ERA has commenced a major upgrade of all of its information technology systems.

Estimated to cost around $3.6 million, the Company is putting in place the Mincom Information Management System (MIMS), a well-tested mine management system utilised around the world. This system will replace an in-house developed system that no longer interfaces with other systems utilised in the industry and is not Year 2000 compliant.

The implementation of the system will significantly reduce operating risks and improve business processes. The system is expected to be fully operational by 1999.

MIMS is Year 2000 compliant, meaning it will not be affected by the "Year 2000 bug".

## YEAR 2000 PROJECT

ERA has put together a multi-disciplinary team to manage the possible implications of the "Year 2000 bug" and all equipment has been assessed to determine if it is likely to be affected. For equipment where the Company believes significant risks may exist, remedial action is being taken. The Company is also ensuring key suppliers can continue to supply important raw materials and services through the transition to the next millennium.

## ACID PLANT UPGRADE

The Company will be undertaking an upgrade of its acid plant at the end of calendar year 1998. The acid plant which has a rated current capacity of 185 tonnes of sulfuric acid per day will be upgraded to produce 250 tonnes per day. This is estimated to cost $7.4 million and will be the major capital expenditure item at Ranger in 1999.

Sulfuric acid is consumed in the processing operation in the leaching and solvent extraction phases. At the increased processing plant capacity, not enough acid can be produced to satisfy the requirements of the processing plant. Therefore, the Company is currently importing acid, which is more expensive, to supplement its own stocks. An upgrade to the acid plant will result in significant cost savings to the Company.

## SULFUR STORAGE AREA

ERA previously stored sulfur, used to produce sulfuric acid for the processing plant, near Darwin at Humpty Doo. This area has since become a residential area so the Company took the decision to move the storage area to an industrial area.

The Company has since purchased a site near the new East Arm Port, in Darwin. Building of new storage facilities on the site is complete and the Company intends to consolidate its external storage areas to this site. Rehabilitation of the original Humpty Doo site is well progressed to allow for the eventual sale of the site.

## EXPLORATION

An analysis of worldwide uranium resources was carried out during 1997/98 with exploration expenditure of $294,000. The Company has identified several areas in Australia where it believes exploration potential exists and will concentrate its analysis in these areas over the next year.

# operations

Excavation work in the pit area of Ranger #3.

## 1998 HIGHLIGHTS

- Mining of Ranger #3 ahead of schedule
- Initial high plant performance offset by later chemical problems
- Tailings dam returned to full evaporative surface

## 1999 OBJECTIVES

- Assess opportunities provided by early completion of mining of Ranger #3
- Increase production to between 5,000 and 5,500 tonnes $U_3O_8$
- Reduce unit cash costs of production

## MINING

The Ranger #3 mining fleet was fully commissioned during the year and performed well above expectations. 2.3 million tonnes of ore, at an average grade of 0.259 per cent $U_3O_8$ were mined during the year. Of this, 2.2 million tonnes of ore were added to stockpiles, while the remaining ore was fed directly to the plant. Approximately 5.9 million tonnes of waste rock and low grade material were mined.

The mining team's performance has led to a new forecast of the mining plan and it is now expected that mining of Ranger #3 will be completed in 2004 rather than 2007. Work will be undertaken to ascertain the opportunities this presents for further resource extraction, or more rapid preparation of the proposed Pit #3 tailings facility.

As part of Ranger's final rehabilitation program, waste rock and very low grade material placement now conforms to the proposed final landform. The first waste rock and very low grade stockpiles were integrated with the eastern wall of the tailings dam, covered with compacted waste rock layers, and contoured ready for revegetation works. The supervising authorities endorsed this design and technology after reviewing water quality and radiation levels over the wet season. Monitoring of rainfall run-off from this area will continue.

It is also planned that additional areas of the waste rock stockpile will be capped, revegetated and removed from the restricted release zone.

## PROCESSING

The 50 per cent expansion of the Ranger plant was finalised in August 1997 bringing the plant design capacity to 5,000 tonnes $U_3O_8$ per annum and ore throughput to 2.0 million tonnes per year. The expansion was successfully commissioned and the plant performed extremely well during the first half of the year indicating it could achieve production in excess of design. It is now

## Table 5: Mining

| YEAR ENDED 30 JUNE | MILLION TONNES 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| Ore mined, cut-off grade 0.12% $U_3O_8$ | | | | | |
| to process plant | 0.100 | – | – | – | – |
| to stockpile | 2.210 | 0.709 | – | 0.841 | 0.712 |
| total ore mined | 2.310 | 0.709 | – | 0.841 | 0.712 |
| Low grade mineralisation | 4.141 | 2.772 | – | 1.324 | 1.771 |
| Waste rock | 1.730 | 1.849 | – | 0.404 | 0.980 |
| Total tonnes mined | 8.181 | 5.330 | – | 2.569 | 3.463 |

## Table 6: Milling

| YEAR ENDED 30 JUNE | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| Ore milled, million tonnes | | | | | |
| from mine | 0.100 | – | – | – | – |
| from stockpile | 1.743 | 1.571 | 1.201 | 0.578 | 0.437 |
| total ore milled | 1.843 | 1.571 | 1.201 | 0.578 | 0.437 |
| Mill head grade, per cent $U_3O_8$ | 0.269 | 0.311 | 0.349 | 0.345 | 0.389 |
| Milling rate, tonnes per hour | 241.0 | 196.0 | 186.4 | 173.1 | 165.5 |
| Mill recovery, per cent | 86.77 | 85.51 | 85.11 | 82.90 | 85.69 |
| Total production, tonnes $U_3O_8$ drummed | 4,161.9 | 4,236.9 | 3,453.3 | 1,548.2 | 1,461.8 |
| Product grade, per cent $U_3O_8$ | 98.73 | 98.71 | 99.19 | 98.70 | 98.63 |

## Table 7: Ore Reserves

| AT 30 JUNE | 1998 ORE MILLION TONNES | 1998 GRADE PER CENT $U_3O_8$ | 1998 CONTAINED $U_3O_8$ TONNES | 1997 ORE MILLION TONNES | 1997 GRADE PER CENT $U_3O_8$ | 1997 CONTAINED $U_3O_8$ TONNES |
|---|---|---|---|---|---|---|
| **Stockpile** | | | | | | |
| Stockpile | 5.5 | 0.23 | 12,500 | 5.0 | 0.24 | 11,700 |
| **Ranger #3** | | | | | | |
| Proved and Probable, in pit 0.12% cut-off grade | 16.3 | 0.29 | 47,200 | 18.8 | 0.28 | 53,400 |
| **Jabiluka** | | | | | | |
| Proved and Probable 0.2% cut-off grade | 19.5 | 0.46 | 90,400 | 19.5 | 0.46 | 90,400 |

Note: The ore reserves have been compiled by P Stockman (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.

expected that the plant will produce between 5,000 and 5,500 tonnes $U_3O_8$ in 1999.

However, between February and June 1998, production fell to low levels due to chemical problems. The mill department, together with specialist consultants, undertook a major diagnostic program to understand and overcome this difficult problem and to restore full production.

Essentially, a chemical imbalance occurred in the plant's solvent extraction circuit which caused excessive foaming in the counter current decantation – or wash – circuit. The issue centred around the chemical amine, which is used to extract and concentrate the uranium in solution. The Company has a greater understanding of the problem and it is now under control. An investigation to determine the full scientific cause of the problem is still in progress. The study is being carried out by ERA Environmental Services, mill technical staff and external scientists including specialists from Melbourne and Murdoch universities.

While the plant performed below its full capacity in the second half of the year, this had no impact on sales. Prior to the occurrence of the chemical problem, Ranger's production was ahead of schedule. Sales tonnages were supplemented by inventory drawn down in the second half of the year.

As a result, 1998 production levels of 4,162 tonnes $U_3O_8$ (1997: 4,237 tonnes $U_3O_8$) were below expectations of 5,000 tonnes $U_3O_8$. Unit cash costs of production increased during 1998 due to the plant problems.

Feed to the mills consisted of 1.8 million tonnes of ore at a grade of 0.269 per cent $U_3O_8$. This was made up of direct feed of 0.1 million tonnes from Ranger #3, at a grade of 0.243 per cent $U_3O_8$ combined with feed from the stockpiles (Ranger #1 and Ranger #3) of 1.7 million tonnes at a grade of 0.270 per cent $U_3O_8$. The remaining average grade of Ranger #3 and stockpiled material is 0.27 per cent $U_3O_8$.

The final stage of the plant automation project was completed in July 1998. On-line monitoring of all areas of the plant now enables the plant operations to be optimised through improved operator feedback and automated control systems, with consequent cost advantages.

### TAILINGS MANAGEMENT

A total of 265,000 cubic metres of tailings were transferred from the tailings dam to Pit #1 as part of the continuation of dredging works. The beached areas of the tailings dam have been removed and the full evaporative area of the tailings dam is now being utilised. Another one million tonnes of tailings are expected to be transferred during 1999, after which the dredge will be decommissioned in preparation for relocation of further tailings to the Ranger #3 pit at the completion of mining. All tailings will be disposed of in the pits.

### RESERVES

At year end 5.5 million tonnes of ore at 0.23 per cent $U_3O_8$ remained in the stockpiles. With full-scale mining having commenced at Ranger #3 in July 1997 the ore body currently contains 16.3 million tonnes of ore, containing 47,200 tonnes $U_3O_8$ at a grade of 0.29 per cent $U_3O_8$. The cut-off grade used for Ranger #3 ore is 0.12 per cent $U_3O_8$.

Jabiluka reserves remain at 19.5 million tonnes of ore, containing 90,400 tonnes of $U_3O_8$ at a grade of 0.46 per cent $U_3O_8$. Due to its depth, the orebody has not yet been fully explored and it is likely that more uranium is contained deeper in the orebody. Further exploration work will be undertaken in the orebody as development of the Jabiluka decline progresses.

# employees

Lorraine Martin checks stock in the supply department.

## 1998 HIGHLIGHTS

- Employee opinion survey undertaken
- Implementation of improved performance management system
- Emergency response team best in NT

## 1999 OBJECTIVES

- Develop and implement programs resulting from employee opinion survey
- Continue to improve employment and training opportunities for local Aboriginal people
- Increase safety and health rating

During the year, many Ranger employees operating under the Enterprise Agreement voluntarily transferred to individual contracts with a total of 51 per cent of Ranger employees now employed on individual contracts. The Company's current Enterprise Agreement with other employees continues until July 2000.

In February 1998 ERA employees participated in the second of a series of Employee Opinion Surveys conducted every two to three years.

The results of the survey show employees believe ERA's strengths lie in its commitment to its shareholders, customers and the environment. A number of weaknesses were also identified including poor communication and consultation processes, a lack of career planning and a lack of autonomy.

The Company recognises that with the additional demands on employees' time, associated with the plant expansion and Jabiluka, insufficient time has been made available for Ranger site issues. The Chief Executive has undertaken to address these weaknesses, in consultation with employees, while at the same time building on the strengths identified.

An individual performance system directly tied to the Company's level of profit and performance was introduced during the year to reward employees for excellent performance. Confidential counselling has also been introduced to assist employees overcome difficulties that may be affecting their performance.

ERA's upgraded Aboriginal Employment Strategy, implemented in 1997, has sustained last year's increase in the number of local Aboriginal employees at 21 people (1997: 22 people). The Company will continue to strive towards increasing the number of Aboriginal employees and as a result has modified its recruitment, induction and performance management processes.

Employee turnover for 1998 was 16 per cent (1997: 10.6 per cent), with a total Ranger workforce of 229 people (1997: 222 people) at year end. Once again, there was no lost time due to industrial action from the ERA workforce, making it seven years since the workforce last took industrial action, a record of which the Company and its employees are proud.

## SAFETY AND HEALTH

As part of the Company's emphasis on safety and health issues, a new policy regarding drug use is currently being developed to work in conjunction with the Company's alcohol policy. It will ensure that no employee is operating under the influence of drugs and alcohol and hence putting themselves and others at risk. A series of drug awareness seminars have been conducted by the Company in order to help employees understand the impacts of drug use. The policy follows the implementation of an alcohol policy in 1997.

During 1997, the Ranger safety rating was reduced by the National Safety Council of Australia (NSCA) to three stars as a result of the fatality which occurred in late 1996. The number of lost-time injuries has since reduced to seven (1997: nine) with the safety performance index improving to 185 (1997: 217) at year end.

As a result of considerable effort by employees, the most recent NSCA interim visit noted that ERA was to be congratulated on the improvement in safety and health standards and if ERA continues its strong focus in this area its rating should improve. The Company has placed an emphasis on cultural change in the organisation with every employee taking an active approach to safety issues and identifying the small things that can lead to injury.

Ranger's Emergency Response Team performed to the highest standard at the inaugural NT Mines Rescue Competition in November 1997. ERA won five of the 11 awards including Best Overall Team in the Northern Territory.

ERA measures the exposure of all its employees and the local community to radiation that originates from the Ranger operation. The Company uses the limits recommended by the International Commission on Radiological Protection and all measurements were well below these limits in calendar year 1997.

The most exposed employees at Ranger are those working at the mine, mill or product packing areas (designated employees). Limits of 100 millisieverts (mSv) over five years or a maximum of 50 mSv in any one year must be met. A mean radiation dose of 3.8 mSv was received by designated employees.

Employees who work at the mine site but are not working in areas of high exposure (non-designated employees) can receive a dose no higher than five mSv and in 1997 received only 26 per cent of that with an average maximum dose of 1.3 mSv.

Importantly, the exposure of residents of Jabiru and surrounding communities is also measured and incremental exposure was measured at 0.05 mSv in 1997. Doses can be no higher than one mSv above background, which in this area is two to three mSv.

A recommendation of the 1997 Senate Inquiry into Uranium Mining and Milling in Australia was to establish a Registry at which records for all employees in nuclear industries in Australia are held. ERA fully supports this register and has supplied information to the Government accordingly.

**Average Annual Radiation Doses at Ranger**

# community

ERA Aboriginal Liaison Officer, Pat Carrick, discusses aspects of ERA's mining operations with members of the local community.

## 1998 HIGHLIGHTS

- Completed consultations with NLC in regard to Jabiluka
- KRSIS programs commenced
- New internet website established

## 1999 OBJECTIVES

- Work closely with stakeholders to implement further KRSIS programs through the Agreement entered into with the NLC as part of the Jabiluka approval process
- Work with the community to implement cross-cultural training in the Jabiru school
- Continue to provide an employee to supervise the functioning of the CDEP

In conjunction with community representatives, the past financial year has seen ERA strengthen its consultations with the Jabiru township and wider community on a range of Aboriginal and non-Aboriginal social issues.

## ABORIGINAL OWNERS

The Mirrar people, who own the Jabiluka and Ranger land, are represented by the Gundjehmi Aboriginal Corporation, which currently receives the local Ranger royalty payments. A majority of these payments are passed on to the Gagudju Association which represents a broader section of the local Aboriginal community, including the Mirrar people.

The Djabulukgu Association, of which the Mirrar people are also members, is the Association set up to receive the majority of the local Jabiluka royalty payments. Until recently, the Association also received annual rental payments for the use of the Jabiluka lease which are currently being paid to the Northern Land Council (NLC).

Payments for Jabiluka were initiated with the start of construction of the Jabiluka mine. In June 1998 ERA paid $1.2 million in up-front payments to the NLC to be passed on to the local Aboriginal Associations.

During the financial year, Ranger-related royalties of $8.3 million were paid to the Aboriginals Benefit Trust Account, a Commonwealth Government body. These payments are passed on to the NLC, the Northern Territory Aboriginal community and the Gundjehmi Aboriginal Corporation. Since 1981, ERA has paid $146 million in rent and royalty type payments.

## PROGRAMS

ERA supports a number of community initiatives designed to meet the needs and aspirations expressed by the local Aboriginal people. By the Company becoming an active participant in local community development, relationships and understanding between the Company and the Aboriginal community have been strengthened.

The Kakadu Region Social Impact Study (KRSIS), co-funded by ERA, emphasised Aboriginal experiences and perceptions as well as outlining a proposed Community Action plan aimed at ensuring local Aboriginal people are better placed to deal with and benefit from regional development. The study was unique in that it was directed by the local Aboriginal people.

ERA is committed to assisting with the implementation of initiatives resulting from the KRSIS and becoming an active participant in the implementation committee of the KRSIS.

As part of the Company's negotiations with the NLC on Jabiluka, an Agreement was reached to provide benefits including: employment and training opportunities for local Aboriginals with approximately 20 per cent of people working on the Jabiluka project to be Aboriginal people; provision of new housing for approximately 65 Aboriginal families; assistance for Aboriginal businesses; funding of a Women's Resource Centre; funding for a bridging education unit for local Aboriginal children; and traineeships.

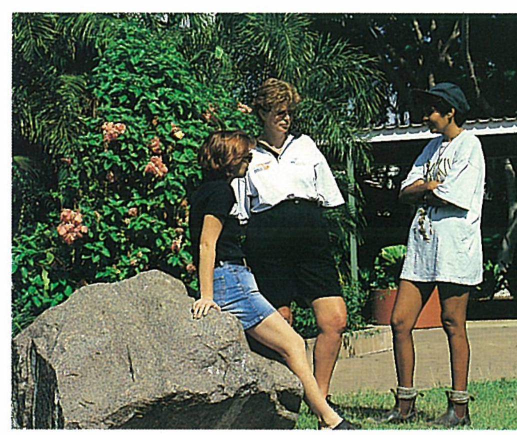
These programs are aimed at realising the vision of the Aboriginal Elders as expressed in the 1982 Agreement to mine Jabiluka, and the vision of the current Aboriginal community contained in the recommendations of the KRSIS – that vision being for Aboriginal people to control their own future through economic development in the region.

Stemming from the KRSIS, ERA has funded an Aboriginal Training Co-ordinator to assist in the development of the local Community Development Employment Program (CDEP). Designed with full Aboriginal participation, CDEP currently assists more than 100 participants to gain the appropriate training and skills required to enter employment within the Kakadu region, whilst conducting programs that improve service delivery to outstations.

Jabiru CDEP is now recognised in its own right with the CDEP obtaining $250,000 in start up funds from the Aboriginal and Torres Strait Islander Commission to purchase equipment. At its current level CDEP is a significant workforce and the new year will see participants working at Aboriginal outstations on maintenance of existing dwellings, construction of new dwellings and infrastructure services.

ERA also continued its support of a community approach to addressing alcohol issues. The actions of the Gunbang (meaning alcohol in the local Aboriginal language) Action Group attracted strong support from the KRSIS and the Group's Corporate Plan centres on effective control of alcohol availability and provision of a range of accessible preventive and treatment services. Consultations have seen takeaway alcohol sales banned from the Jabiru Sports & Social Club resulting in a 30 per cent reduction in alcohol consumption in the Jabiru region within the first six months of the ban.

Education will be a principal focus for the next period. Working closely with the school, ERA has agreed to fund cross-cultural training for the teachers at Jabiru Area School. The teachers are working on a curriculum to take their cross-cultural knowledge to the students following their training. This program will work well with another initiative to teach Aboriginal language at the school from the commencement of calendar year 1999.



The township of Jabiru – people relax in the central business district.

## CONSULTATION WITH THE ABORIGINAL COMMUNITY

ERA developed a number of presentations describing a range of uranium mining related issues translated into the region's Kunwinjku language. A Kunwinjku translation describing the Jabiluka development also appears on the newly developed ERA internet website.

The final terms of the extension of the Ranger Project Authority beyond 2000 are currently being negotiated between the Commonwealth Government and the NLC, which acts on behalf of the Traditional Owners. The Company believes a conclusion to these negotiations will be reached in 1999.

*community*

## COMMUNITY

After a two-year wait, the Administrative Appeals Tribunal found that Ranger's provision of electricity to Jabiru was no longer subject to the diesel fuel rebate. This is because the Commonwealth Government indicated that Jabiru is no longer primarily regarded as a mining town. The decision could, in the absence of a solution, cost the Company in excess of $1 million annually and ERA is considering options in conjunction with the Northern Territory Government and Parks Australia North as to future alternatives for electricity supply.

ERA launched a new internet website in May 1998 focusing on the Ranger operation and the Jabiluka development. Located at *http://www.energyres.com.au* the site combines educational material with extensive information on the Company's activities including information about Jabiluka, up-to-date media and stock exchange announcements, information on uranium markets, ERA's shareholders and the Company's financial profile.

The Company ensures the Ranger operations remain open and transparent to industry, government and the wider public. ERA held its fifth annual Environment Open Day during November where more than 80 people took part. More than 10,000 people visited Ranger as part of the Company's public tour program last year. A number of presentations and displays on the Ranger operation and Jabiluka development were also undertaken around Australia.

Within the Territory's mining community, the NT Minerals Council elected ERA's General Manager - Operations as their President for 1998.

### Table 8: Value Added

$000

| YEAR ENDED 30 JUNE | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---|---|---|---|---|
| **Value Added** | | | | | |
| Sales & other revenue | 201.5 | 239.9 | 188.6 | 149.3 | 164.6 |
| Less cost of materials & services | 79.0 | 101.1 | 69.6 | 75.5 | 84.8 |
| **Total Value Added** (Wealth created by ERA) | 122.5 | 138.8 | 119.0 | 73.8 | 79.8 |
| **Distribution of Created Wealth** | | | | | |
| Employees salary & wages | 11.6 | 9.7 | 8.6 | 7.5 | 7.6 |
| Government | | | | | |
| company income tax | 20.9 | 31.1 | 17.8 | 23.1 | 17.8 |
| environmental research contribution | 1.6 | 1.5 | 1.5 | 1.6 | 1.2 |
| personal income tax | 5.3 | 4.5 | 3.6 | 2.9 | 3.1 |
| royalties (Aboriginals Benefit Trust Account & NLC) | 8.6 | 7.1 | 6.1 | 4.0 | 4.1 |
| royalties (NT Government) | 2.5 | 2.0 | 1.7 | 1.1 | 1.2 |
| other taxes and payments | 3.4 | 2.8 | 2.5 | 2.2 | 2.0 |
| total | 42.3 | 49.0 | 33.2 | 34.9 | 29.4 |
| Interest to lenders (net) | 1.2 | 2.2 | 2.3 | 2.6 | 1.8 |
| Dividends | 26.7 | 26.7 | 26.7 | 217.4* | – |
| Reinvested in the business | | | | | |
| depreciation and amortisation | 40.7 | 37.4 | 34.2 | 16.4 | 14.5 |
| retained profit from operations | 0.0 | 13.8 | 14.0 | (205.0) | 26.5 |
| total | 40.7 | 51.2 | 48.2 | (188.6) | 41.0 |
| **Total Value Distributed** | 122.5 | 138.8 | 119.0 | 73.8 | 79.8 |

* 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.

## SPONSORSHIP

ERA continued its support of the Ranger Chair in Aboriginal Studies at the Northern Territory University. The Company also maintained its support of a secondary school scholarship for a local Aboriginal student undertaking studies at Adelaide's Prince Alfred College.

More locally, services were provided to Aboriginal outstations such as the installation of hot water services, support of Landcare projects, the provision of funding for a Women's Resource Centre in Jabiru and funding for the employment of an Alcohol Counsellor.

ERA was the major sponsor of the 1997 Jabiru Wind Festival providing financial and in-kind support. The annual Festival celebrates the cultural diversity of the Kakadu region and more than 5,000 people attended the week-long event held in September 1997.

*environment*

ERA scientists Sven Sewell and Peter Woods inspect dense foliage of an area at Ranger revegetated five years ago.

## 1998 HIGHLIGHTS

- Extensive research resulted in a recommendation to return all tailings to the Ranger pits
- Ranger continued its record of no detrimental environmental impact on the surrounding environment
- Jabiluka mine environmental approvals were obtained

## 1999 OBJECTIVES

- Continue record of no detrimental impact on surrounding environment
- Progressively rehabilitate more than five hectares of capped very low grade and waste rock stockpiles
- Continue extensive baseline study work for Jabiluka

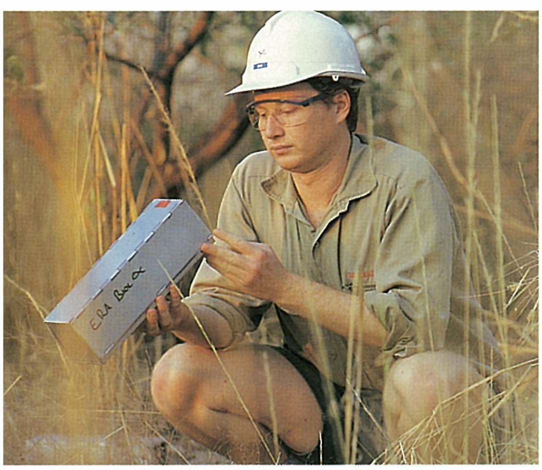
## WATER MANAGEMENT

While the Katherine region experienced its worst floods for more than a century, rainfall at Ranger was much lower at 191 mm above average for the year with a recording of 1,667 mm. Total evaporation for the period was 2,527 mm.

Despite the high rainfall, the water management system is in an excellent position for the coming year.

The authorised release of water from Retention Pond Four (RP4) into the nearby Magela Creek took place at the height of the wet season from February to April 1998. RP4 captures rainfall run-off from the waste rock stockpiles and is released nearly every year. The water is not contaminated and has no detrimental impact on the environment.

# environment




Environmental scientist Sven Sewell monitors small animal life in a revegetated area at Ranger.

Water flow from Retention Pond One (RP1), which collects rainfall run-off from the surrounding undisturbed bushland, occurred from January to May 1998. These monitored releases have occurred regularly during the 18 years Ranger has been operating and independent authorities have confirmed that this has resulted in no detrimental impact on the surrounding environment.

Placement of tailings in the tailings dam ceased in August 1996 with the commissioning of in-pit tailings deposition in Pit #1. In December 1997 after a substantial evaluation study, ERA recommended to the authorities that all tailings should be placed back into the pits prior to rehabilitation. This means all tailings will be transferred from the tailings dam to the pits for final deposition underground. This process has already commenced.

With dredging completed from the beached area of the tailings dam, the surface area of the dam from which evaporation can take place has been maximised contributing to the management of water throughout the year.

## ENVIRONMENT REVIEWS

Environmental Performance Reviews (EPRs) are undertaken jointly by the Supervising Scientist Group and the Northern Territory Department of Mines and Energy. These reviews held twice-yearly are the key component of the Commonwealth's supervisory arrangements for the uranium mines of the Alligator Rivers Region. Two Environmental Performance Reviews were conducted during 1998.

From mid-1998, environmental monitoring and reporting related to Jabiluka will be conducted separately.

## ENVIRONMENTAL INCIDENTS

Under Ranger's authorisation to operate, ERA is required to report to the Minister for Mines and Energy any infringements of the conditions and requirements of the authorisation. This includes any incident that is a divergence from strict compliance with statutory requirements, even if this incident has no detrimental environmental impact.

During the year, there were seven infringements all of which had no detrimental environmental impact:

- The powerhouse stack monitoring equipment failed on or about 24 June 1997 and had not been promptly reported to the regulatory authorities as required by the time of the EPR on 30 June 1997. This matter has been rectified and had no environmental impact.
- It was noted that while radium and uranium monitoring in mussels has been continually undertaken, there has been a failure to monitor and report gross alpha activity since 1990. Powerhouse emissions also had not been reported since 1981 although recorded continually (as required). There was no environmental detriment due to these technical infringements. Both were addressed and the Company is now complying with the authorisation in these matters.
- On 9 September 1997 there was a fire on the site and an infringement occurred when restricted release zone (RRZ) water was used for firefighting purposes. No environmental damage resulted. Ranger has changed the protocol of filling the small fire tender so potable water will be more accessible for firefighting purposes, but RP2 water may still be required for fast response with the mine water trucks.
- On 19 December 1997 a joint failed in a small pipe connected to a tailings pipe and a small quantity of tailings and process water (about 1.0 $m^3$ of each) was deposited/sprayed outside the RRZ. The spill was cleaned up within eight hours. There was no environmental damage other than the vegetation removed as part of the cleanup operation.
- On 16 March 1998 after heavy overnight rainfall, a small amount of ponded water on a low grade stockpile was inadvertently drained outside the RRZ and infiltrated into waste rock that is part of tailings dam-stockpile integration earthworks. No detriment to the environment occurred.
- In mid-June 1998 the *Non-Restricted Release Zone Water Release Report 1997/98* was issued without the monitoring results for several specialised radiological analyses. These analyses were not received on time from the independent laboratories. Although there was no environmental or health risk associated with this data the late reporting of the results is a technical infringement.

## ENVIRONMENTAL RESEARCH

ERA committed more than $1.3 million to environmental research and development at Ranger in 1997/98. More than 25 projects were completed and many of these were undertaken in collaboration with staff at CSIRO, the Australian Nuclear Science and Technology Organisation, the Environmental Research Institute of the Supervising Scientist and the University of New South Wales.

The environmental Research and Development program is focused on developing cost-effective strategies for progressive decommissioning and rehabilitation of the Ranger mine but also addresses operational issues where there may be a need to fill knowledge gaps for environmental protection or to enhance environmental management capability.

Investigations addressed rehabilitation of mine pits; tailings disposal; water management; rehabilitation of waste rock dumps; ecosystem reconstruction; and baseline monitoring. Major studies and outcomes included:

- disposal strategies for tailings: the research effort led to a decision to dispose of tailings in the mine pits at the end of mine life and to remove the tailings dam;
- successful implementation of a trial capping on tailings in the tailings dam: the design will constitute the forerunner of capping structures on tailings deposits in the pits;
- measuring and modelling the behaviour of ground water over the whole mine site in relation to interactions with contaminants from mine structures during the operational phase of the mine and after decommissioning and rehabilitation;
- further validation of the wetland filtration method to immobilise contaminants from retention pond waters: more than 90 per cent of uranium and essentially all nitrate and manganese were removed during the operational period this year and further studies are in progress in regard to the immobilisation of species such as sulfate and magnesium; and
- airborne radiometric data sets: these provide the basis for comparing the existing condition of the mine landscapes with that existing prior to mining and will be used to guide decommissioning and rehabilitation strategies.

The Environment Department was responsible for co-ordinating the Jabiluka Environmental Impact Statement (EIS), the baseline studies required by the Government as part of the EIS approval and the Public Environment Report (PER) on the Jabiluka Mill Alternative. These high standard documents resulted in EIS approvals being received for Jabiluka.

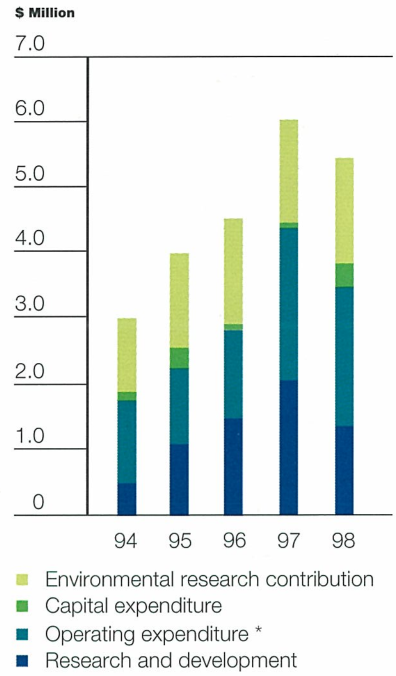
Major effort was put into baseline studies and mine planning at Jabiluka to ensure that all aspects of environmental protection are covered. In particular, extensive additional environmental baseline studies were undertaken to address the commitments given in the EIS and the recommendations made by Minister Parer following acceptance of the EIS by the government. Summaries of findings have been reported as required to the government and are detailed in the Jabiluka Mill Alternative PER.

## ENVIRONMENTAL SERVICES

ERA Environmental Services Pty Ltd (ERAES) was established as an independent subsidiary of ERA in 1994. ERAES consulted extensively to ERA during the past year, primarily on environmental baseline assessments and mine/mill planning for Jabiluka, the Ranger Mine Research and Development Program, and environmental management and rehabilitation operations at Ranger.

ERAES also provided environmental services to North Limited's business units in Canada, Argentina, and throughout Australia, and to selected external clients including the Department of Defence, the Queensland Department of Environment, and other mining companies.

## Environmental Expenditure




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

In June 1998, ERAES was officially awarded Registered Research Agency status by the Industry Research and Development Board of the Commonwealth Department of Industry, Science and Tourism. The new status recognises the business as being capable of carrying out contracted research and development in Australia in geology, geochemistry, ecology and soil and water sciences on a commercial basis.

Dr Laurie Corbett and Dr David Jones of ERAES received Northern Territory Industry Recognition Awards for environmental management at the Ranger site. Dr Corbett was recognised for developing an innovative and practical whole ecosystem approach to environmental monitoring while Dr Jones was recognised for pioneering the large scale use of wetlands for mine water treatment.

Revenue for the year for ERAES was $3.8 million of which $0.8 million came from external projects, resulting in a net profit after interest and tax of $0.2 million.

# marketing

Amie Bull checks the state of the market.

## 1998 HIGHLIGHTS

- Record Ranger sales
- Seven new contracts
- Two contracts for Jabiluka material

## 1999 OBJECTIVES

- Continue to write new long-term contracts consistent with production
- Optimise stock levels
- Obtain further contracts for Jabiluka material to underwrite the Jabiluka development

## RECORD RANGER SALES

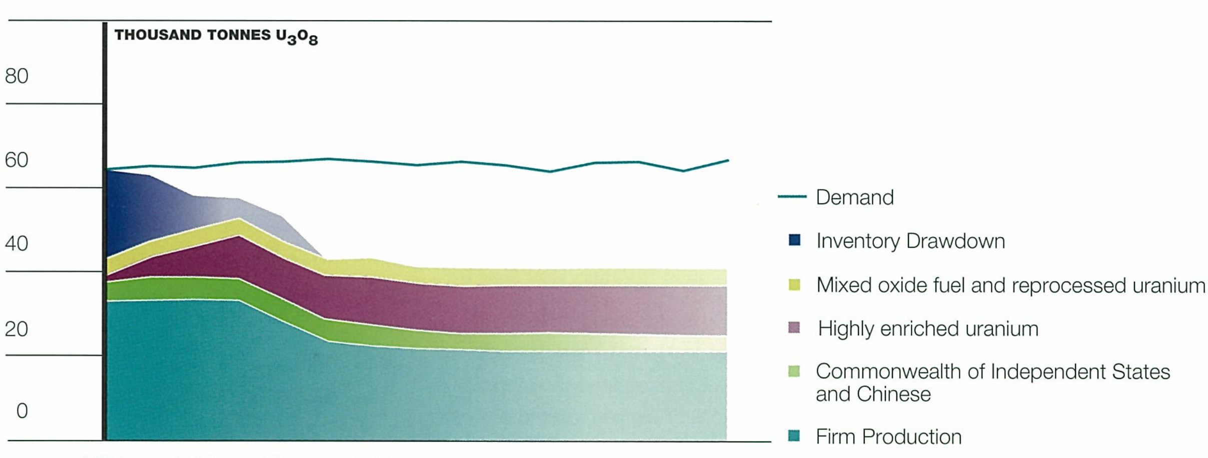
The Company continued to increase sales of Ranger-sourced uranium concentrates with sales of 4,635 tonnes $U_3O_8$ (1997: 3,956 tonnes $U_3O_8$).

Total sales were 4,928 tonnes $U_3O_8$ (1997: 5,421 tonnes $U_3O_8$). Although total sales were lower than in 1997, they were in line with expectations and in line with the Company's strategy of substituting third party sales with Ranger sales. In 1997/98 sales of 293 tonnes $U_3O_8$ were sourced from third parties compared to 1,464 tonnes $U_3O_8$ in 1996/97.

Sales of Ranger-sourced uranium concentrate are expected to continue to increase in line with increased production capacity at the Ranger mine. Total sales are expected to reach between 5,000 and 5,500 tonnes $U_3O_8$ in 1999 and between 5,500 and 6,000 tonnes $U_3O_8$ in 2000 until production commences from Jabiluka.

Third party sales were sourced from material provided under ERA's uranium loan agreement with Japan Australia Uranium Resources Development Co Ltd and from stock of Kazakstan sourced material previously purchased under the Company's contract with the Republic of Kazakstan, which was completed last year.

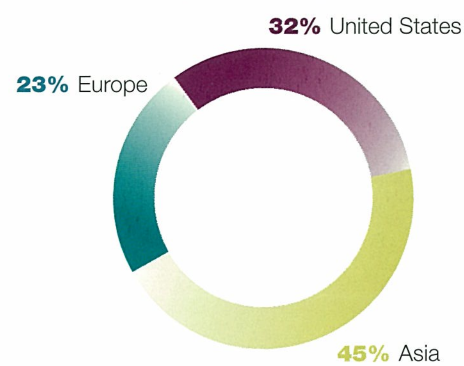
### ERA Western World Supply and Demand Analysis



## NUEXCO Exchange Value


Source: Trade Tech

## ERA Sales Revenue by Region




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. There has never been a diversion of nuclear material from a genuine civil nuclear electric power program to weapons.

### SPOT MARKET

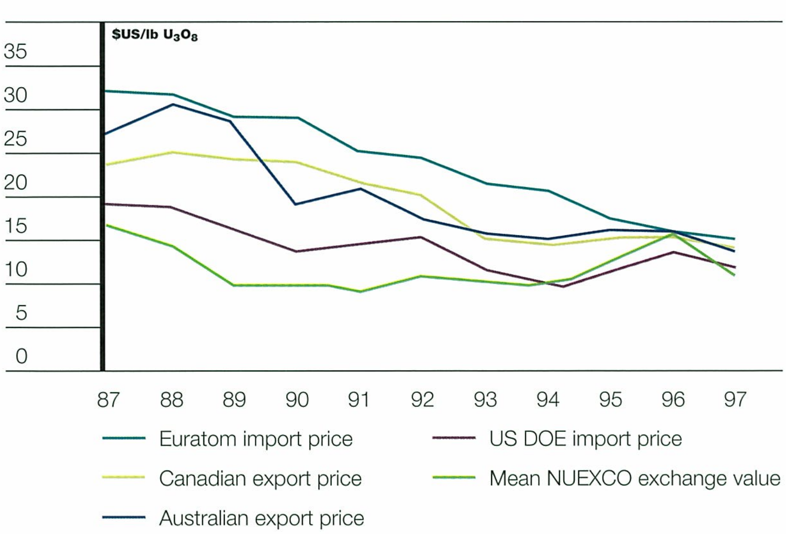
Although the Company does not sell uranium concentrate into the spot market, the spot market does impact on some of the Company's long-term contracts.

Following the falls in the spot market price in 1997, the restricted spot market price has essentially stagnated during the year ended June 1998. The spot market started the year at US$10.40 per pound $U_3O_8$ and ended the year at US$10.75 per pound $U_3O_8$. Apart from a small flurry of activity in October 1997 when prices rose to US$12.75 per pound $U_3O_8$, the spot market has generally seen little activity in comparison to previous years.

The lack of demand on the spot market reflects past buying activity when many utilities satisfied their near term requirements by signing new long-term contracts or exercising upward flexibility under existing long-term contracts.

The spot market is expected to recover in the near future as United States utilities re-enter the market to purchase uranium concentrate for their uncovered requirements. The timing and extent of the recovery will be dependent upon the extent to which excess government and utility inventories enter the market and by judgement of individual utilities as to whether or not the market has bottomed.

## Market Prices




### NEW CONTRACTS

The Company was successful in signing seven new sales contracts during the year with nuclear electric utilities including two long term contracts for the sale of uranium concentrate sourced solely from Jabiluka.

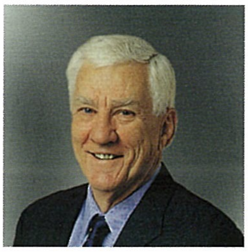
In total, the Company has now secured sales contracts for more than 25,000 tonnes $U_3O_8$ over the next ten years, providing a strong base for the Ranger operation and the development of Jabiluka.

Supplying 8 per cent of the western world's demand for uranium in 1997, ERA continues as the world's third-largest supplier of uranium concentrate. The marketing strategy of the Company is to continue to target new long-term contracts and maximise market share.

# directors' outlook

Campbell McC Anderson
Chairman

Malcolm Broomhead
Deputy Chairman



Tom Barlow

ERA is working towards securing its long-term future with only one major Commonwealth Government decision remaining to be made regarding Jabiluka. If secured, this approval will ensure the Company will continue to operate as a world-class uranium supplier until at least 2030. With renewed exploration analysis under way, the Company also hopes to identify new uranium resources to utilise in the future.

Although the Company is expecting to improve its financial performance in 1999, compared to 1998, this is dependent on spot market price increases. ERA sales volumes are planned to be between 5,000 and 5,500 tonnes $U_3O_8$ in 1999, and to increase to between 5,500 and 6,000 tonnes $U_3O_8$ in 2000, remaining steady for some time after production from Jabiluka comes on-line in around 2001.

Despite the chemical problems that occurred in the processing plant during 1998 the Company believes the plant is now capable of producing higher tonnages than its initial design. It is aimed to increase production to match Ranger sales in 1999 and 2000.

With secure long-term contracts in place for most production in 1999 and contracts in place for more than 25,000 tonnes of production over the next ten years, the Company's customer base remains strong.

ERA is the third-largest uranium producer in the world. During 1998 there was a change in the status of the Company's competitors with Uranerz, the fourth-largest producer, being acquired by Cameco, the largest producer in the world. Uranerz' parent company, Rheinbraun, is a "B" class shareholder in ERA (6.45 per cent of shares), through its subsidiary Rheinbraun Australia. Cameco has announced it wishes to purchase these shares. This is not expected to have any impact on the Company's operations.

## ASIAN MARKET

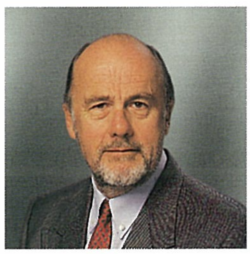
Asia remains a principal customer for ERA with 45 per cent of the Company's sales revenue in 1997/98 generated from sales to Japan and South Korea.

Electricity produced from nuclear reactors can be considered base load and is therefore unlikely to be affected by changes in consumption patterns due to relatively short-term economic circumstances. Although foreign currency difficulties in Korea may lead to delays in the construction schedule of planned new reactors, actual uranium requirements are still forecast to grow.

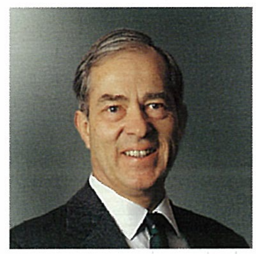
The Company's view is that the recent economic difficulties in Asia are unlikely to significantly affect the region's nuclear development program as these countries have a long-term commitment to nuclear energy. This long-term commitment was recently illustrated when Japan declared its plans on nuclear power as a way of meeting its greenhouse gas reduction commitments following the Kyoto Conference. The Japanese Ministry of International Trade and Industry has reiterated the Government has plans for a further 20 reactors to be built by 2010.

Asia is still the largest growth area for nuclear power capacity with 10 reactors under construction and plans for the development of 60 new nuclear power stations.

Alex Carmichael

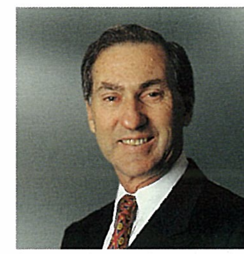


Dr Brian Hickman



Dr Peter Kausch

Masuo Shibata



Phillip Shirvington
Chief Executive

**SUPPLY AND DEMAND**

During calendar year 1997 only 60 per cent of the western world's uranium requirements were met by new production from existing mines. 70,300 tonnes of $U_3O_8$ were required to fuel nuclear power stations in 1997 while world production was at 42,000 tonnes $U_3O_8$. The remaining requirement was made up from surplus inventory held by power stations, disposal of highly enriched uranium (uranium processed down from weapons grade material) and the use of reprocessed and mixed oxide fuels. ERA's supply and demand analysis confirms the need for new supply from Jabiluka and the new Canadian mines to meet future demand requirements.

The majority of the new supply will come from two low-cost, very high grade mines at McArthur River and Cigar Lake in Canada. The other significant new supply will come from ERA's Jabiluka mine and the expanded operations at WMC's Olympic Dam. By 2003 it is expected that these four mines will supply just over 50 per cent of all mine production. Supply from these mines will be low cost, representing the first half of production on the cost curve. The low costs reflect the high grades of the Canadian mines and the benefits of economies of scale from the Australian mines. The remaining production will be sourced from other conventional mines, in-situ leach operations and the by-product of gold and phosphate operations.

There were 437 nuclear power stations in 32 countries supplying 17 per cent of the world's electricity needs. Twenty-five new power stations are under construction around the world and 79 new power stations are planned.

It is estimated by the Uranium Institute that nuclear generating capacity will increase by 1 per cent per year over the next 20 years. In 1998 the Uranium Institute revised its estimate of requirements for uranium to satisfy the demand from world nuclear reactors. World reactor requirements are expected to rise to 76,600 tonnes $U_3O_8$ in 2000, 83,700 tonnes $U_3O_8$ in 2010 and 87,300 tonnes $U_3O_8$ by 2020. The major growth region continues to be northern Asia.

Deregulation in the electrical utility industry in the United States and parts of Europe will continue to have an effect on the uranium market, particularly the spot market. Deregulation has led to the premature closure of some nuclear reactors in the United States. Offsetting this, deregulation is also forcing utilities to improve operations and achieve higher capacity factors at their reactors. Higher capacity factor means that reactors are operating for longer periods of time which results in increased uranium demand.

The commitments to reduced greenhouse gases, agreed to at the Kyoto Conference in December 1997, offer further optimism for growth in nuclear power as individual countries implement policies to meet their agreed targets.

industry analysis

## Table 9: Top Ten Uranium Mines 1997

| MINE | COUNTRY | OWNER | MINE TYPE | PRODUCTION THOUSAND TONNES $U_3O_8$ 1997 | WORLD PRODUCTION % 1997 |
|---|---|---|---|---|---|
| Key Lake | Canada | Cameco/Uranerz | Open pit | 6.41 | 15.2 |
| Rabbit Lake | Canada | Cameco/Uranerz | Open pit/underground | 5.46 | 13.0 |
| Ranger | Australia | ERA | Open pit | 4.83 | 11.5 |
| Rossing | Namibia | Rio Tinto (69%) | Open pit | 3.43 | 8.1 |
| Akouta | Niger | COGEMA/Onarem | Underground | 2.52 | 6.0 |
| Cluff Lake | Canada | COGEMA | Open pit/underground | 2.32 | 5.5 |
| Olympic Dam | Australia | WMC | By product (copper) Underground | 1.68 | 4.0 |
| Arlit | Niger | COGEMA/Onarem | Open pit | 1.60 | 3.8 |
| Vaal Reefs | South Africa | Anglo-American Corp. (36%) | By-product (gold) Underground | 0.80 | 1.9 |
| Highland | USA | PRI (Cameco) | ISL | 0.70 | 1.7 |
| **Western world total from top ten mines** | | | | **29.75** | **70.7** |

## Table 10: Uranium Production and Resources

| | 1997 | 1996 | 1995 | 1994 | 1993 | WORLD PRODUCTION 1997 % | WORLD URANIUM REASONABLY ASSURED RESOURCES<US$80/KGU |
|---|---|---|---|---|---|---|---|
| | THOUSAND TONNES $U_3O_8$ | | | | | | |
| Australia | 6.51 | 5.87 | 4.38 | 2.69 | 2.67 | 15 | 622,000 |
| Canada | 14.2 | 13.90 | 12.40 | 11.43 | 10.82 | 34 | 331,000 |
| France | 0.88 | 1.10 | 1.16 | 1.21 | 2.01 | 2 | 13,460 |
| Kazakstan/ Kyrghstan | 1.18 | 1.56 | 1.92 | 2.64 | 3.18 | 3 | 439,220 |
| Namibia | 3.43 | 2.89 | 2.37 | 2.26 | 1.96 | 8 | 156,120 |
| Niger | 4.12 | 3.92 | 3.50 | 3.51 | 3.44 | 10 | 69,960 |
| Russia | 2.36 | 2.36 | 2.65 | 3.50 | 2.83 | 6 | 145,000 |
| South Africa | 1.30 | 1.70 | 1.68 | 1.99 | 2.03 | 3 | 218,300 |
| USA | 2.56 | 2.85 | 2.71 | 1.63 | 1.53 | 6 | 110,000 |
| Uzbekistan | 2.08 | 1.77 | 1.77 | 2.50 | 3.07 | 5 | 66,210 |
| Other | 3.47 | 3.60 | 4.44 | 4.53 | 4.87 | 8 | 363,160 |
| **Total** | **42.09** | **41.51** | **38.98** | **37.89** | **38.37** | **100** | **2,534,430** |

## Conversion Factors

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

## Table 11: Nuclear Power Around the World

| COUNTRY | REACTORS OPERATING JUNE 1998 NO. | REACTORS OPERATING JUNE 1998 MWE | REACTORS BUILDING JUNE 1998 NO. | REACTORS BUILDING JUNE 1998 MWE | TERAWATT 1997 | NUCLEAR % 1997 | TOTAL OPERATING EXPERIENCE TO END 1997 REACTOR YEARS | TOTAL OPERATING EXPERIENCE TO END 1997 MONTHS | URANIUM REQUIRED 1997 TONNES $U_3O_8$ |
|---|---|---|---|---|---|---|---|---|---|
| Argentina | 2 | 935 | 1 | 692 | 7.45 | 11.40 | 38 | 7 | 191 |
| Armenia | 1 | 376 | – | – | 1.43 | 25.67 | 30 | 4 | 52 |
| Belgium | 7 | 5,712 | – | – | 45.10 | 60.05 | 149 | 7 | 1,616 |
| Brazil | 1 | 626 | 1 | 1,245 | 2.99 | 1.09 | 15 | 9 | 74 |
| Bulgaria | 6 | 3,538 | – | – | 16.44 | 45.38 | 95 | 1 | 586 |
| Canada | 20 | 13,899 | – | – | 77.86 | 14.16 | 390 | 7 | 1,328 |
| China | 3 | 2,088 | 3 | 2,100 | 11.35 | 0.79 | 14 | 5 | 413 |
| Czech Republic | 4 | 1,632 | 2 | 1,824 | 12.49 | 19.34 | 46 | 8 | 1,090 |
| Finland | 4 | 2,400 | – | – | 20.00 | 30.40 | 75 | 4 | 632 |
| France | 58 | 61,683 | 1 | 1,450 | 376.00 | 78.17 | 993 | 1 | 11,972 |
| Germany | 20 | 22,282 | – | – | 161.40 | 31.76 | 550 | 7 | 4,580 |
| Hungary | 4 | 1,729 | – | – | 13.97 | 39.88 | 50 | 2 | 413 |
| India | 10 | 1,695 | 4 | 808 | 8.72 | 2.32 | 149 | 1 | 307 |
| Japan | 53 | 43,527 | – | – | 318.10 | 35.22 | 810 | 2 | 8,998 |
| Kazakstan | 1 | 135 | – | – | 0.30 | 0.58 | 24 | 6 | – |
| Korea RO (Sth) | 14 | 11,370 | 2 | 1,600 | 73.19 | 34.08 | 123 | 7 | 2,356 |
| Lithuania | 2 | 2,760 | – | – | 10.85 | 81.47 | 24 | 6 | 318 |
| Mexico | 2 | 1,308 | – | – | 10.46 | 6.48 | 11 | 11 | 312 |
| Netherlands | 1 | 452 | – | – | 2.30 | 2.77 | 53 | 0 | 115 |
| Pakistan | 1 | 125 | 1 | 300 | 0.37 | 0.65 | 26 | 3 | 9 |
| Romania | 1 | 620 | 1 | 620 | 5.40 | 9.67 | 1 | 6 | 113 |
| Russia | 29 | 19,843 | 3 | 2,825 | 99.68 | 13.63 | 584 | 6 | 3,352 |
| Slovakia | 4 | 1,632 | 4 | 1,552 | 10.80 | 43.99 | 69 | 5 | 414 |
| Slovenia/Croatia | 1 | 632 | – | – | 4.79 | 39.91 | 16 | 3 | 169 |
| South Africa | 2 | 1,844 | – | – | 12.63 | 6.51 | 26 | 3 | 354 |
| Spain | 9 | 7,207 | – | – | 53.10 | 29.34 | 165 | 2 | 1,254 |
| Sweden | 12 | 10,047 | – | – | 67.00 | 46.24 | 243 | 2 | 1,749 |
| Switzerland | 5 | 3,077 | – | – | 23.97 | 40.57 | 113 | 10 | 696 |
| Taiwan | 6 | 4,884 | – | – | 34.85 | 26.35 | 98 | 1 | 1,065 |
| Ukraine | 14 | 12,120 | 2 | 1,900 | 74.61 | 46.84 | 206 | 1 | 2,387 |
| United Kingdom | 35 | 12,928 | – | – | 89.30 | 27.45 | 1,133 | 4 | 2,868 |
| USA | 105 | 97,805 | – | – | 629.42 | 20.14 | 2246 | 11 | 20,481 |
| Total 1997 | 437 | 350,911 | 25 | 16,918 | 2,276 | 17 | 8,577 | | 70,264 |
| Total 1996 | 436 | 351,335 | 31 | 21,786 | 2,312 | 17 | 8,135 | | 75,538 |

*statutory information*

# directors' report

**FOR THE YEAR ENDED 30 JUNE 1998**

The Directors of Energy Resources of Australia Ltd (ERA) present the financial statements of the Company and the economic entity for the year ended 30 June 1998 and the auditors' report thereon.

## 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
B Hickman
P J Shirvington, Chief Executive
M Shibata, representing holders of C Class shares
(Alternates Y Hirono, H Suzaki, K Takai, K Tsuzuku)

Sir Rupert Myers resigned from the Board on 31 August 1997 and was replaced by Dr B Hickman.

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

| DIRECTOR | DIRECTORS' MEETINGS | | AUDIT COMMITTEE MEETINGS | |
|---|---|---|---|---|
| | NO. ATTENDED | NO. HELD* | NO. ATTENDED | NO. HELD* |
| C McC Anderson | 7 | 7 | 3 | 4 |
| T Barlow | 6 | 7 | | |
| M W Broomhead | 7 | 7 | 1 | |
| A Carmichael | 7 | 7 | 4 | 4 |
| P Kausch | 2 | 2 | | |
| D Panthout (alternate for P Kausch) | 5 | 5 | 4 | 4 |
| Sir Rupert Myers | 2 | 2 | 1 | 1 |
| B Hickman | 5 | 5 | 3 | 3 |
| M Shibata | 2 | 2 | | |
| Y Hirono (alternate for M Shibata) | 2 | 2 | | |
| 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 1998 financial year.*

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

On the occasion that Mr C McC Anderson could not attend an Audit Committee meeting, Mr M W Broomhead attended.

## PRINCIPAL ACTIVITIES

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

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

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

## DIVIDENDS

Dividends paid or declared by the Company were:

In respect of 1997:

(i) A fully franked dividend of $0.06 per share was paid on 6 March 1997.

(ii) A fully franked final dividend of $0.08 per share was paid on 24 September 1997.

These two dividends were referred to in the Directors' Report for the year ended 30 June 1997.

In respect of 1998:

(i) A fully franked dividend of $0.06 per share was paid on 26 February 1998.

(ii) A fully franked dividend of $0.08 per share was declared on 20 August 1998, payable on 23 September 1998.

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 the economic entity for the year ended 30 June 1998 was $26.732 million (1997: $40.425 million). Sales revenue for the year ended 30 June 1998 was $201.336 million (1997: $230.561 million).

A full review of the operations of the economic entity during the year ended 30 June 1998 and the results of those operations is shown in this Annual Report in the sections entitled Chairman and Chief Executive's Review, Finance, Development, Operations, Employees, Community, Environment, Marketing and Directors Outlook.

## STATE OF AFFAIRS

Sales levels decreased to 4,927.8 tonnes $U_3O_8$ (1997: 5,460.6 tonnes $U_3O_8$). Sales of Ranger concentrates reached record levels for a second consecutive year at 4,635.3 tonnes $U_3O_8$ (1997: 3,956.3 tonnes $U_3O_8$), while sales of third party concentrates decreased to 292.5 tonnes $U_3O_8$ (1997: 1,464.3 tonnes $U_3O_8$).

The average spot (market) price was US$11.23 per pound $U_3O_8$ for the year compared to US$14.05 per pound $U_3O_8$ in 1997. The spot price affects something less than half of ERA's contracts.

Seven new sales contracts were signed during the year, with contracts now in place for over 25,000 tonnes of production over the next ten years.

Production during the year was adversely affected by chemical problems in the processing plant resulting in production of 4,161.9 tonnes $U_3O_8$ (1997: 4,236.9 tonnes $U_3O_8$). Production had been expected to be around 5,000 tonnes $U_3O_8$ as a result of the capacity expansion of the plant, which performed above expectations in the first half of the year. The plant returned to 100 per cent capacity in mid June and the Company now has a better understanding of the chemical problem and its ability to control it.

The Ranger #3 mining fleet performed well and mining is ahead of schedule, and is expected to be completed in 2004.

The Company commenced construction of the Jabiluka mine on 15 June 1998 and is now awaiting the Commonwealth Government's decision on the Jabiluka Mill Alternative Public Environment Report (PER). At the request of Environment Australia, ERA granted an extension in time for the consideration of this Report to 25 August 1998. The Minister for the Environment will give his advice to the Minister for Resources and Energy on or before that day, with the Minister for Resources and Energy subsequently giving his final decision on the PER.

Net debt increased during the year to $77.6 million at 30 June 1998 (1997: $68.2 million).

Capital expenditure for the year decreased to $26.3 million (1997: $73.6 million) with most of the work on the mill capacity expansion completed in 1997. Capital expenditure for 1998 was related to costs associated with the finalisation of the plant expansion, equipment purchase for the mining of Ranger #3, development of Jabiluka, commissioning of a dredge for tailings management and the updating of the Company computer systems.

The Year 2000 Compliance project commenced in the second half of the calendar year 1997 with an initial audit conducted by external consultants completed in mid 1998. The Company has assembled a multi-disciplinary project team to manage the required work.

*statutory information*

# directors' report CONTINUED

**FOR THE YEAR ENDED 30 JUNE 1998**

## INFORMATION ON DIRECTORS

Directors' Qualifications and Experience

**C McC Anderson,** Chairman, BEc, age 56, 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 Member of the Business Council of Australia, and President of the Australia–Japan Society of Victoria.

**T Barlow,** BE(Hons), age 69, 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 C Eng., age 45, 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, a Director of the National Association of Forest Industries, and is a former Director of Pasminco Limited.

**A Carmichael,** AO, CBE, BSc, age 61, 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 Price Waterhouse Partnership.

**B Hickman,** age 65, BSc, MSc (Metallurgy), DSc (Metallurgy), FAusIMM, FTSE, was appointed to the ERA Board in August 1997. Dr Hickman is a Director of Illawarra Technology Corporation Ltd and ARRB Transport Research Ltd. He was formerly Managing Director of AMDEL Ltd.

**P Kausch,** age 58, 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.

**M Shibata,** age 68, 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).

**P J Shirvington,** Chief Executive, MSc, age 57, 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** |
|---|---|---|
| C McC Anderson | 5,125 | 31,358<br>465,000 Options |
| T Barlow | 1,460 | 2,000 |
| M W Broomhead | – | 9,000<br>227,500 Options |
| A Carmichael | – | 13,111 |
| P J Shirvington | 243 | 9,490<br>160,000 Options |
| D Panthout (alternate) | 4,300 | – |
| B Hickman | 1,000 | 1,000 shares |

KEY:

* *ERA: Energy Resources of Australia Ltd – shares of 20c each fully paid.*

** *North: North Limited – shares of 50c each fully paid.*

*(Options to subscribe for shares of 50c each fully paid under the North Limited Share Option Incentive Plan).*

## POST BALANCE DATE MATTERS

The Directors are not aware of any matter or circumstance not otherwise referred to in this Annual Report 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 this report and the accompanying Financial Statements have been 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 are presented in the sections entitled Chairman and Chief Executive's Review and Development in this Annual Report.

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

DIRECTORS' BENEFITS

Directors' benefits are set out in note 26 and 27.

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 AUDITOR

*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 Anderson, T Barlow, M Broomhead, A Carmichael, B Hickman, P Kausch (Alternate D Panthout), R Kemp, G Mallett, M Shibata (Alternates Y Hirono, H Suzaki, K Takai, K Tsuzuku), P Shirvington.

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

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

*Insurance*

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

The policy indemnifies all Directors and Officers of ERA and its controlled entity (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 20th day of August 1998 in accordance with a resolution of the Directors.

C McC Anderson
Director

PJ Shirvington
Director

statutory information

# corporate governance statement

**FOR THE YEAR ENDED 30 JUNE 1998**

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:

- distributing the annual report to all shareholders;
- 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 are encouraged to communicate with the Company if they have issues concerning the Company.

## 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 per cent 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 24. 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 shareholders are represented by Dr B Hickman.

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 and is the only executive Director of the Company.

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

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

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

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

## BOARD APPRAISAL

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

## BOARD MEETINGS

The Board meets at least seven times during the year. At these meetings, management provides a report on all key matters affecting the business and seeks approval for specific projects outside its delegated authority.

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

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

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

## INDEPENDENT PROFESSIONAL ADVICE

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

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

## REMUNERATION ARRANGEMENTS

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

The current fees for non-executive Directors are $20,000 per annum. The Chairman receives $60,000 per annum. Fees for Directors representing North Limited are paid to North Limited directly. No additional fees are paid to members of the Audit Committee. Further details of Directors' remuneration, superannuation and retirement payments are set out in Note 26 to the financial statements.

## AUDIT COMMITTEE

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 Dr B Hickman. The Chief Executive and Chief Financial Officer attend Audit Committee meetings, together with the Company's external auditors and relevant Company executives. The Committee met four times during the year. The appointment of external auditors is a function of the full Board, on the recommendation of the Audit Committee and is subject to the approval of shareholders.

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

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

*statutory information*

## RISK MANAGEMENT

The management of risk is an integral part of the responsibility of both the Board and management, and is carried out through a risk management assurance process which covers:

- the identification and regular review of all of the significant business risks facing the organisation;
- the provision of information to senior management and the Board, on a periodic basis, as to the status of any plans, controls, policies and/or procedures to manage the significant business risks;
- monitoring of business units' risk management activities by the internal audit department; and
- an appropriate management reporting system to facilitate the assurance process.

In addition to this integrated approach, the Board has also put in place a number of arrangements to identify and manage areas of significant risk.

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

Other specific arrangements include:

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

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

### Internal Control Framework

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

### Millennium Issue

The Board has put in place a process for the review of the Year 2000 issue and has required that regular updates be provided by management. A Year 2000 Project Co-ordinator reports to the Information Technology Steering Committee which is chaired by the Chief Executive. In addition, the Year 2000 Co-ordinator participates in a steering group co-ordinated by the North Limited Year 2000 Project Co-ordinator, who reports directly to the North Limited Executive Director, Finance.

In addressing this issue, ERA has assembled a multi-disciplinary team, supplemented by external consultants, which is responsible for overseeing the review of the Company's systems and action plans to identify the corrective action necessary to deal with any code changes, testing and implementation. The identification and assessment phases of the project are well advanced and the completion of the project is planned for 30 June 1999.

The Directors expect the Year 2000 date conversion project to be completed on a timely basis. However, there can be no assurance that the systems of other entities, on which the Company's systems rely, will be converted on a timely basis or that any such failure to convert by another entity will not have an adverse effect on the Company's systems. In order to mitigate this risk, the Company will seek confirmations from its major suppliers that they have developed, or are developing in a timely fashion, plans to address the Year 2000 problem. The Directors will continue to monitor the progress of these plans.

## ETHICAL STANDARDS

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

## SALE/PURCHASE OF SHARES BY DIRECTORS AND EMPLOYEES

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

# investors information

**FOR THE YEAR ENDED 30 JUNE 1998**

## ANNUAL GENERAL MEETING

The 1998 Annual General Meeting will be held at 10:00 am on 15 October 1998, at the All Seasons Premier Menzies Hotel, 14 Carrington Street, Sydney.

## TYPES OF SHARES

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

## TAX FILE NUMBERS

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

## INFORMATION ON SHAREHOLDING

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

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

ERA Share Registry
C/- Corporate Registry Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney 1115)
Telephone: (02) 8234 5222
Facsimile: (02) 8234 5145

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 3
60 Carrington Street
SYDNEY NSW 2000
(GPO Box 7045, Sydney 1115)
Telephone: (02) 8234 5222
Facsimile: (02) 8234 5145

### Victoria

C/- Corporate Registry Services Pty Ltd
Level 11
565 Bourke Street
MELBOURNE VIC 3000
Telephone: (03) 9611 5711
Facsimile: (03) 9611 5710

### Australian Capital Territory

C/- KPMG
80 Northbourne Avenue
CANBERRA ACT 2600
(GPO Box 799
CANBERRA CITY ACT 2601)
Telephone: (02) 6249 1877
Facsimile: (02) 6247 6190

financial statements

# profit and loss accounts

## FOR THE YEAR ENDED 30 JUNE 1998

| | | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|---|
| | NOTE | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **Operating revenue** | 2 | 204,115 | 241,428 | 203,285 | 240,586 |
| **Operating profit before income tax** | 3 | 47,617 | 71,572 | 47,296 | 71,383 |
| Income tax attributable to operating profit | 4 | 20,885 | 31,147 | 20,769 | 31,079 |
| **Operating profit after income tax** | | 26,732 | 40,425 | 26,527 | 40,304 |
| Retained profits at the beginning of the financial year | | 64,414 | 50,692 | 64,122 | 50,521 |
| **Total available for appropriation** | | 91,146 | 91,117 | 90,649 | 90,825 |
| Dividends provided for or paid | 5 | 26,703 | 26,703 | 26,703 | 26,703 |
| **Retained profits at the end of the financial year** | | 64,443 | 64,414 | 63,946 | 64,122 |

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

# balance sheets

**AS AT 30 JUNE 1998**

| | NOTE | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash | 6 | 3,671 | 7,661 | 3,470 | 7,648 |
| Receivables | 7 | 54,341 | 77,476 | 53,918 | 77,131 |
| Inventories | 8 | 95,212 | 83,731 | 95,212 | 83,731 |
| Other | 9 | 12,635 | 8,175 | 12,635 | 8,175 |
| **Total Current Assets** | | 165,859 | 177,043 | 165,235 | 176,685 |
| **Non-Current Assets** | | | | | |
| Receivables | 10 | 4,390 | 1,762 | 4,209 | 1,668 |
| Investments | 29 | – | – | 100 | 100 |
| Inventories | 11 | 38,517 | 31,208 | 38,517 | 31,208 |
| Exploration, evaluation and development expenditure | 12 | 158,653 | 153,619 | 158,653 | 153,619 |
| Property, plant and equipment | 13 | 534,229 | 556,452 | 533,923 | 556,165 |
| Other | 14 | 5,582 | 4,684 | 5,502 | 4,587 |
| **Total Non-Current Assets** | | 741,371 | 747,725 | 740,904 | 747,347 |
| **Total Assets** | | 907,230 | 924,768 | 906,139 | 924,032 |
| **Current Liabilities** | | | | | |
| Accounts payable | 15 | 18,609 | 24,234 | 18,400 | 24,017 |
| Borrowings | 16 | – | 51,083 | – | 51,083 |
| Provisions | 17 | 25,130 | 48,343 | 24,819 | 48,242 |
| Other | 18 | 3,572 | 1,587 | 3,572 | 1,587 |
| **Total Current Liabilities** | | 47,311 | 125,247 | 46,791 | 124,929 |
| **Non-Current Liabilities** | | | | | |
| Borrowings | 19 | 81,226 | 27,006 | 81,226 | 27,006 |
| Provisions | 20 | 110,165 | 104,016 | 110,091 | 103,890 |
| **Total Non-Current Liabilities** | | 191,391 | 131,022 | 191,317 | 130,896 |
| **Total Liabilities** | | 238,702 | 256,269 | 238,108 | 255,825 |
| **Net Assets** | | 668,528 | 668,499 | 668,031 | 668,207 |
| **Shareholders' Equity** | | | | | |
| Share capital | 21 | 38,148 | 38,148 | 38,148 | 38,148 |
| Reserves | 22 | 565,937 | 565,937 | 565,937 | 565,937 |
| Retained profits | | 64,443 | 64,414 | 63,946 | 64,122 |
| **Total Shareholders' Equity** | | 668,528 | 668,499 | 668,031 | 668,207 |

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

# statements of cash flows

**FOR THE YEAR ENDED 30 JUNE 1998**

| | NOTE | CONSOLIDATED 1998 $000 INFLOWS (OUTFLOWS) | CONSOLIDATED 1997 $000 INFLOWS (OUTFLOWS) | THE COMPANY 1998 $000 INFLOWS (OUTFLOWS) | THE COMPANY 1997 $000 INFLOWS (OUTFLOWS) |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash receipts in the course of operations | | 224,345 | 215,488 | 223,709 | 214,823 |
| Cash payments in the course of operations | | (128,730) | (108,064) | (128,322) | (107,863) |
| | | 95,615 | 107,424 | 95,387 | 106,960 |
| Interest received | | 2,611 | 3,269 | 2,606 | 3,263 |
| Interest and other costs of finance paid | | (3,732) | (3,595) | (3,731) | (3,595) |
| Income taxes paid | | (37,008) | (15,343) | (37,070) | (15,225) |
| Rehabilitation Trust Fund (payments)/refunds | | (1,937) | 16,497 | (1,937) | 16,497 |
| **Net cash inflow from operating activities** | 31(a) | 55,549 | 108,252 | 55,255 | 107,900 |
| **Cash flows from investing activities** | | | | | |
| Payments for property, plant and equipment | | (24,885) | (67,008) | (24,779) | (66,860) |
| Proceeds on sale of property, plant and equipment | | 172 | 798 | 172 | 796 |
| Payments for exploration, evaluation and development expenditure | | (5,328) | (1,362) | (5,328) | (1,362) |
| **Net cash outflow from investing activities** | | (30,041) | (67,572) | (29,935) | (67,426) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | | – | 25,240 | – | 25,240 |
| Proceeds from borrowings – related parties | | 86,173 | 63,371 | 86,173 | 63,371 |
| Repayment of borrowings | | – | (88,310) | – | (88,310) |
| Repayment of borrowings – related parties | | (89,928) | (13,327) | (89,928) | (13,327) |
| Dividends paid | | (26,703) | (30,518) | (26,703) | (30,518) |
| **Net cash outflow from financing activities** | | (30,458) | (43,544) | (30,458) | (43,544) |
| **Net decrease in cash held** | | (4,950) | (2,864) | (5,138) | (3,070) |
| Cash at the beginning of the financial year | | 7,516 | 10,203 | 7,503 | 10,396 |
| Effects of exchange rate changes on cash | | 1,105 | 177 | 1,105 | 177 |
| **Cash at the end of the financial year** | 6 | 3,671 | 7,516 | 3,470 | 7,503 |

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

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### BASIS OF PREPARATION

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

It has been prepared on the basis of historical costs and the accounting policies adopted are consistent with those of the previous year, except as otherwise stated.

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

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the economic entity include the financial statements of the Company, being the chief entity, and its controlled entity. Details of the controlled entity appear in note 29. The balances and effects of transactions with the controlled entity included in the consolidated financial statements have been eliminated.

### SALES

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

### 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 currencies 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 up to the date of purchase or sale, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the transactions to which they relate.

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

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

### 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.

## Index to notes to and forming part of the Financial Statements

# notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 1998

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX

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

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

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

TRADE DEBTORS

Trade debtors to be settled within 30 days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful amounts.

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.

NON-CURRENT ASSETS

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

LEASES

Payments made under operating leases are expensed as incurred.

RANGER PROJECT RIGHTS

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

EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

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

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

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

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

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

Costs carried forward in respect of areas of interest in the development phase are not amortised until production commences.

The ability of the economic entity to develop the Jabiluka uranium resource is impaired because the economic entity has not obtained all of the regulatory approvals to develop this area of interest. To the extent that the costs of this area of interest are expected to be recouped, they are carried forward as exploration and evaluation expenditure. Upon receipt of all regulatory approvals to develop, the costs will be transferred to development expenditure.

DEPRECIATION AND AMORTISATION

Depreciation of plant and equipment is provided for as follows:

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

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

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

### ACCOUNTS PAYABLE

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or economic entity. Trade accounts payable are normally settled within 30 to 55 days.

### URANIUM LOAN

Uranium drawn down under the loan arrangement has been or 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 sale 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.

### REHABILITATION

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

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

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

### DERIVATIVES

The economic entity is exposed to changes in interest rates and foreign exchange rates from its activities. It is the economic entity's policy to use derivative financial instruments to hedge foreign exchange risks. The economic entity uses forward foreign exchange contracts and foreign exchange options to hedge this risk. 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.

Derivative financial instruments are not held for speculative purposes.

### 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 based on current wage and salary rates and includes 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 twelve months, the relevant cash flows have been discounted. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with 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 dependents on retirement, disability or death) are charged to the Profit and Loss Account.

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **2. OPERATING REVENUE** | | | | |
| Sales revenue | 201,336 | 230,561 | 200,511 | 229,727 |
| Other revenue | | | | |
| Rehabilitation refund | – | 8,495 | – | 8,495 |
| Interest received/receivable | 2,607 | 1,574 | 2,602 | 1,568 |
| Proceeds on sale of non-current assets | 172 | 798 | 172 | 796 |
| | 204,115 | 241,428 | 203,285 | 240,586 |

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **3. OPERATING PROFIT** | | | | |
| The operating profit before income tax is arrived at after charging and crediting the following specific items: | | | | |
| Charges: | | | | |
| Amortisation of Ranger Project Rights | 17,592 | 18,741 | 17,592 | 18,741 |
| Depreciation of non-current assets: | | | | |
| Buildings | 4,190 | 4,379 | 4,190 | 4,379 |
| Plant and equipment | 18,586 | 14,298 | 18,505 | 14,229 |
| Royalty type expense | 2,461 | 2,044 | 2,461 | 2,044 |
| Payments for Aboriginal interests | 8,566 | 7,148 | 8,566 | 7,148 |
| Rehabilitation fund costs | 16 | 15 | 16 | 15 |
| Auditors' remuneration – KPMG | | | | |
| Audit services | 119 | 119 | 119 | 119 |
| Other services | 76 | 205 | 76 | 205 |
| Provision for writedown of exploration expenditure | 294 | – | 294 | – |
| Writedown in value of stores inventories | 845 | 72 | 845 | 72 |
| Rent expense on operating leases | 896 | 861 | 896 | 861 |
| Interest paid/payable to: | | | | |
| Other corporations | 426 | 2,137 | 425 | 2,137 |
| Related parties | 3,374 | 1,624 | 3,374 | 1,624 |
| Amounts set aside to provision for: | | | | |
| Employee entitlements | 2,922 | 2,882 | 2,835 | 2,765 |
| Stores obsolescence | 153 | 360 | 153 | 360 |
| Doubtful debts | 261 | 484 | 237 | 484 |
| Maintenance | 785 | 601 | 785 | 601 |
| Warranty | 1 | 10 | – | – |
| Research and development expenditure | 1,346 | 2,040 | 1,346 | 2,040 |
| Loss on disposal of non-current assets | 2,669 | 80 | 2,665 | 80 |
| Foreign exchange loss on holding of net monetary assets | 390 | – | 390 | – |
| Credits: | | | | |
| Interest received/receivable from other corporations | 2,607 | 1,574 | 2,602 | 1,568 |
| Foreign exchange gain on the holding of net monetary assets | – | 355 | – | 355 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |

## 4. INCOME TAX

| | | | | |
|---|---|---|---|---|
| Income tax is calculated as follows: | | | | |
| Operating profit before income tax | 47,617 | 71,572 | 47,296 | 71,383 |
| Tax calculated at 36% | 17,142 | 25,766 | 17,027 | 25,698 |
| Tax effect of permanent differences: | | | | |
| Amortisation of Ranger Project Rights | 7,137 | 6,708 | 7,137 | 6,708 |
| Other non-allowable items | 16 | 9 | 15 | 9 |
| Research and Development Concession | (121) | (184) | (121) | (184) |
| Development Allowance | (2,200) | – | (2,200) | – |
| Prima facie tax adjusted for permanent differences | 21,974 | 32,299 | 21,858 | 32,231 |
| Income tax overprovided in prior years | (1,089) | (1,152) | (1,089) | (1,152) |
| Income tax expense attributable to operating profit | 20,885 | 31,147 | 20,769 | 31,079 |
| Income tax expense attributable to operating profit is made up of: | | | | |
| Current income tax provision | 13,729 | 37,120 | 13,592 | 37,127 |
| Deferred income tax provision | 6,447 | (3,076) | 6,484 | (3,160) |
| Future income tax benefit | 1,798 | (1,745) | 1,782 | (1,736) |
| Overprovision in prior year | (1,089) | (1,152) | (1,089) | (1,152) |
| Income tax expense | 20,885 | 31,147 | 20,769 | 31,079 |

## 5. 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 26 February 1998 (1997: 6.0 cents per share, franked to 100% with Class C (36%) franking credits was paid on 6 March 1997) | 11,444 | 11,444 | 11,444 | 11,444 |
| (ii) a final ordinary dividend of 8.0 cents per share, franked to 100% with Class C (36%) franking credits is payable on 23 September 1998 (1997: 8.0 cents per share, franked to 100% with Class C (36%) franking credits was paid on 24 September 1997) | 15,259 | 15,259 | 15,259 | 15,259 |
| 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 | 75,122 | 76,127 | 74,818 | 75,856 |

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

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **6. CASH** | | | | |
| Cash at banks and on hand | 3,671 | 7,661 | 3,470 | 7,648 |
| The above figure is reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows as follows: | | | | |
| Balance as above | 3,671 | 7,661 | 3,470 | 7,648 |
| Less Bank overdrafts (note 16) | – | 145 | – | 145 |
| Balance per Statements of Cash Flows | 3,671 | 7,516 | 3,470 | 7,503 |
| 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. | | | | |
| **7. CURRENT ASSETS – RECEIVABLES** | | | | |
| Trade debtors | 51,565 | 78,698 | 51,145 | 78,389 |
| Less provision for doubtful debts[a] | 25 | 3,109 | – | 3,108 |
| | 51,540 | 75,589 | 51,145 | 75,281 |
| Other debtors | 3,068 | 1,917 | 3,040 | 1,880 |
| Less provisions for doubtful debts | 267 | 30 | 267 | 30 |
| | 2,801 | 1,887 | 2,773 | 1,850 |
| | 54,341 | 77,476 | 53,918 | 77,131 |
| [a] Bad debts written off against provisions: $3,108,000 (1997: $Nil) | | | | |
| **8. CURRENT ASSETS – INVENTORIES** | | | | |
| Stores | 12,779 | 10,145 | 12,779 | 10,145 |
| Less provision for obsolescence | 2,036 | 1,883 | 2,036 | 1,883 |
| | 10,743 | 8,262 | 10,743 | 8,262 |
| Ore stockpile | 7,625 | 9,618 | 7,625 | 9,618 |
| Work in progress | 3,624 | 3,077 | 3,624 | 3,077 |
| Finished product $U_3O_8$ | 73,220 | 62,774 | 73,220 | 62,774 |
| | 95,212 | 83,731 | 95,212 | 83,731 |
| **9. CURRENT ASSETS – OTHER** | | | | |
| Prepayments | 12,635 | 5,991 | 12,635 | 5,991 |
| Foreign exchange hedge asset on borrowings | – | 2,184 | – | 2,184 |
| | 12,635 | 8,175 | 12,635 | 8,175 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **10. NON-CURRENT ASSETS – RECEIVABLES** | | | | |
| Other debtors | 4,351 | 1,736 | 4,170 | 1,642 |
| Loans to Directors | 39 | 26 | 39 | 26 |
| | 4,390 | 1,762 | 4,209 | 1,668 |
| **11. NON-CURRENT ASSETS – INVENTORIES** | | | | |
| Ore stockpile | 16,797 | 14,244 | 16,797 | 14,244 |
| Finished product $U_3O_8$ – borrowed | 21,720 | 16,964 | 21,720 | 16,964 |
| | 38,517 | 31,208 | 38,517 | 31,208 |
| **12. NON-CURRENT ASSETS – EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE** | | | | |
| Exploration and Evaluation Expenditure: | | | | |
| Jabiluka exploration and evaluation expenditure | 158,653 | 153,619 | 158,653 | 153,619 |
| Other exploration expenditure | 294 | – | 294 | – |
| Less provision for write off | (294) | – | (294) | – |
| | 158,653 | 153,619 | 158,653 | 153,619 |
| **13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT** | | | | |
| Land – cost | 386 | 1 | 386 | 1 |
| Buildings: | | | | |
| Buildings – cost | 91,548 | 90,302 | 91,548 | 90,302 |
| Less provision for depreciation | 45,721 | 41,531 | 45,721 | 41,531 |
| | 45,827 | 48,771 | 45,827 | 48,771 |
| Plant and equipment: | | | | |
| Plant and equipment – cost | 426,678 | 416,638 | 426,206 | 416,259 |
| Less provision for depreciation | 175,159 | 163,047 | 174,993 | 162,955 |
| | 251,519 | 253,591 | 251,213 | 253,304 |
| Mine properties: | | | | |
| Ranger Project Rights – cost | 407,000 | 407,000 | 407,000 | 407,000 |
| Less accumulated amortisation | 170,503 | 152,911 | 170,503 | 152,911 |
| | 236,497 | 254,089 | 236,497 | 254,089 |
| Total property, plant and equipment | 534,229 | 556,452 | 533,923 | 556,165 |

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.

The Directors believe the above values assigned to land and buildings appropriately reflect current values based on their existing use.

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **14. NON-CURRENT ASSETS – OTHER** | | | | |
| Prepayments | 2,696 | – | 2,696 | – |
| Future Income Tax Benefit | 2,886 | 4,684 | 2,806 | 4,587 |
| | 5,582 | 4,684 | 5,502 | 4,587 |
| **15. CURRENT LIABILITIES – ACCOUNTS PAYABLE** | | | | |
| Amount owing to related parties | 382 | 2,062 | 531 | 2,062 |
| Trade creditors | 10,350 | 15,084 | 9,992 | 14,940 |
| Other creditors | 7,877 | 7,088 | 7,877 | 7,015 |
| | 18,609 | 24,234 | 18,400 | 24,017 |
| **16. CURRENT LIABILITIES – BORROWINGS** | | | | |
| Unsecured borrowings: | | | | |
| Bank overdraft | – | 145 | – | 145 |
| Loan from related parties | – | 50,938 | – | 50,938 |
| | – | 51,083 | – | 51,083 |
| **17. CURRENT LIABILITIES – PROVISIONS** | | | | |
| Employee entitlements | 4,255 | 3,894 | 4,127 | 3,778 |
| Maintenance | 1,050 | 265 | 1,050 | 265 |
| Warranty | 24 | 23 | – | – |
| Dividend | 15,259 | 15,259 | 15,259 | 15,259 |
| Income tax | 4,542 | 28,902 | 4,383 | 28,940 |
| | 25,130 | 48,343 | 24,819 | 48,242 |
| **18. CURRENT LIABILITIES – OTHER** | | | | |
| Foreign exchange hedge liability on debtors | 3,572 | 1,587 | 3,572 | 1,587 |
| **19. NON-CURRENT LIABILITIES – BORROWINGS** | | | | |
| Loan from related parties | 45,000 | – | 45,000 | – |
| Uranium loan | 36,226 | 27,006 | 36,226 | 27,006 |
| | 81,226 | 27,006 | 81,226 | 27,006 |

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **20. NON-CURRENT LIABILITIES – PROVISIONS** | | | | |
| Employee entitlements | 730 | 862 | 703 | 820 |
| Deferred income – Uranium loan | 5,485 | 5,651 | 5,485 | 5,651 |
| Deferred income tax | 103,950 | 97,503 | 103,903 | 97,419 |
| | 110,165 | 104,016 | 110,091 | 103,890 |
| **21. SHARE CAPITAL** | | | | |
| Authorised capital comprises: | | | | |
| 750,000,000 shares of $0.20 each (1997: 750,000,000 shares of $0.20 each) | 150,000 | 150,000 | 150,000 | 150,000 |
| Issued and paid up capital comprises: | | | | |
| 142,865,446 A Class shares of $0.20 each fully paid (1997: 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 (1997: 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 (1997: 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. | | | | |
| **22. RESERVES** | | | | |
| Share Premium | 176,437 | 176,437 | 176,437 | 176,437 |
| Capital Reconstruction | 389,500 | 389,500 | 389,500 | 389,500 |
| | 565,937 | 565,937 | 565,937 | 565,937 |

## 23. CONTINGENT LIABILITIES AND LEGAL DISPUTES

ERA has given an undertaking to the Commonwealth Government to rehabilitate the Ranger Project Area after cessation of mining operations. The latest estimated cost of rehabilitation, should ERA have been required to cease mining at 31 March 1998 was $30,631,000 (including a 5 per cent contingency). At 31 March 1998 there was a cash shortfall in the Ranger Rehabilitation Trust Fund of $1,937,000. As a consequence, the Company made a contribution of this amount, bringing the balance of the Trust Fund to $30,000,000 and provided a bank guarantee for $631,000.

Under certain conditions when the minimum price as approved by the Minister for Primary Industries and Energy of the Commonwealth of Australia exceeded the contract price as set out in the sale agreements with certain customers, the customer became entitled to a credit which will reduce the contract price when the contract price exceeds the minimum price of $U_3O_8$. In the event that the spot price is not sustained above US$12 per pound $U_3O_8$ through to December 2005 in the case of one contract, an amount up to A$6,806,000 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 $U_3O_8$ 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 Jabiluka.

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

## 23. CONTINGENT LIABILITIES AND LEGAL DISPUTES (CONTINUED)

Legal actions against ERA

- A claim has been lodged against ERA by the Engineering Procurement and Construction Manager for the Plant Expansion Project. The claim is for $1,000,000 which ERA has withheld from the final invoice.
- ERA is in dispute with a contractor who believes that they should have been awarded the contract for management of the dredging operation at the Ranger mine.
- An appeal to the full bench of Federal Court concerning the validity of the mining lease MLN1 was heard on 29 and 30 June 1998 following a decision in favour of ERA by Justice Sackville in February 1998. The judgement has been reserved and a decision is expected within the next 3 months.
- An action has been listed before the Supreme Court in Darwin concerning the legality of the 2 June 1998 Authorisation to commence construction at Jabiluka under the Uranium Mining Environmental Control Act.

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

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **24. COMMITMENTS** | | | | |
| (a) Commitments for capital expenditure | | | | |
| Aggregate capital expenditure | | | | |
| contracted for, but not provided for and payable: | | | | |
| Not later than 1 year | 3,312 | 5,382 | 3,312 | 5,382 |
| (b) Lease Commitments | | | | |
| (i) Operating Leases | | | | |
| Aggregate of amounts contracted, but not provided for and payable: | 1,292 | 2,095 | 1,292 | 2,095 |
| Not later than 1 year | 884 | 880 | 884 | 880 |
| Later than 1 year but not later than 2 years | 408 | 810 | 408 | 810 |
| Later than 2 years but not later than 5 years | – | 405 | – | 405 |
| | 1,292 | 2,095 | 1,292 | 2,095 |

(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 1999 in respect of tenement lease rentals.

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

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

(ii) amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit 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 (amounts paid during 1998: $8,366,000 / 1997: $6,948,000);

(iii) amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25% of Ranger net sales revenue (amounts paid during 1998: $2,461,000 / 1997: $2,044,000);

(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.

## 24. COMMITMENTS (CONTINUED)

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

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

(ii) Womens Resource Centre – $100,000 p.a.* until two years after cessation of the project.

(iii) Social Impact Monitoring – $150,000 p.a.* for three years from commencement of construction and thereafter $100,000 p.a.* until two years after cessation of the project.

(iv) Control of Alcohol – $70,000 p.a.* until two years after cessation of the project.

(v) Education – $200,000 p.a.* in the first year following the commencement of construction and $70,000 p.a.* thereafter until two years after cessation of the project.

(vi) Local Aboriginal Business Development – a once-off payment of $500,000.

* Subject to CPI escalation.

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

(i) Up-front royalty payments of $1,200,000 p.a. for three years on the anniversary of commencement of construction. The first of these four payments was made in June 1998.

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

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

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

| | NOTE | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|---|
| **25. EMPLOYEE ENTITLEMENTS** | | | | | |
| Aggregate employee entitlements, including on-costs | | | | | |
| – Current | 17 | 4,255 | 3,894 | 4,127 | 3,778 |
| – Non-current | 20 | 730 | 862 | 703 | 820 |
| | | 4,985 | 4,756 | 4,830 | 4,598 |

DIRECTORS' RETIREMENT ALLOWANCE

The entering into of contracts with Directors for the provision of a retirement allowance was approved by shareholders on 18 October 1990. The retirement allowance provides 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.

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

## 25. EMPLOYEE ENTITLEMENTS (CONTINUED)

SUPERANNUATION

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

An actuarial assessment of the fund was last made as at 1 July 1998 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 1998 were $Nil (1997: $Nil).

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

| | FUND ASSETS AT NET MARKET VALUE $000 | TOTAL ACCRUED BENEFITS $000 | EXCESS/ (DEFICIT) $000 | TOTAL VESTED BENEFITS $000 |
|---|---|---|---|---|
| – 1998 | 136,262(i) | 118,542(ii) | 17,720(iv) | 114,178(i) |
| – 1997 | 128,868(iii) | 105,100(vi) | 27,768(iv) | 99,950(iii) |
| Amounts applicable to ERA | | | | |
| – 1998 | Refer(v) | 9,487(ii) | – | 9,487(ii) |
| – 1997 | Refer(v) | 8,304(vi) | – | 8,304(iii) |

(i) Fund assets at net market value and vested benefits have been calculated at 30 June 1998, 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 1998.

(iii) Fund assets at net market value and vested benefits were calculated at 30 June 1997, 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 were calculated and reviewed by the actuary as at 30 June 1997.

## 26. DIRECTORS' AND EXECUTIVES' INCOME

(a) Income of Directors

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

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 1998 | THE COMPANY 1997 |
|---|---|---|
| $0 to $9,999 | 1 | 1 |
| $10,000 to $19,999 | 1 | 1 |
| $20,000 to $29,999 | 4 | 4 |
| $110,000 to $119,999 | – | 1 |
| $130,000 to $139,999 | 1 | 1 |
| $210,000 to $219,999 | 1 | – |
| $420,000 to $429,999 | – | 1 |
| $440,000 to $449,999 | 1 | – |

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties: | | | | |
| the Company | | | 584* | 551* |
| related parties (including North Limited) | | | 311 | 217 |
| | | | 895 | 768 |
| * Included in this amount is $180,000 (1997: $180,000) of Directors' fees. The balance of $404,000 (1997: $371,000) 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 entity: | | | | |
| the Company | 584 | 551 | | |
| related parties (including North Limited) | 311 | 217 | | |
| | 895 | 768 | | |
| Retirement benefits | | | | |
| Retirement benefits paid to Directors of the Company and controlled entity, being amounts that have been previously approved by the members of the Company in a general meeting | 99 | – | 99 | – |

(b) Income 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.

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

# notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 1998

## 26. DIRECTORS' AND EXECUTIVES' INCOME (CONTINUED)

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

| | CONSOLIDATED 1998 | CONSOLIDATED 1997 | THE COMPANY 1998 | THE COMPANY 1997 |
|---|---|---|---|---|
| $220,000 to $229,999 | – | 1 | – | – |
| $230,000 to $239,999 | 1 | 1 | – | 1 |
| $240,000 to $249,999 | 1 | – | 1 | – |
| $260,000 to $269,999 | – | 1 | – | 1 |
| $290,000 to $299,999 | – | 1 | – | 1 |
| $300,000 to $309,999 | 1 | – | 1 | – |
| $360,000 to $369,000 | 1 | – | 1 | – |
| $420,000 to $429,999 | – | 1 | – | 1 |
| $440,000 to $449,999 | 1 | – | 1 | – |

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| Total income received or due and receivable by these executives from: | | | | |
| the Company | 1,457 | 1,298 | 1,242 | 1,098 |
| related parties (including North Limited) | 139 | 152 | 119 | 131 |
| | 1,596 | 1,450 | 1,361 | 1,229 |

## 27. RELATED PARTIES

Related parties of ERA fall into the following categories:

CONTROLLED ENTITY

Information relating to the controlled entity is set out in note 29.

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 ERA at any time during the financial year are as follows:

C McC Anderson, T Barlow, M W Broomhead, A Carmichael, P Kausch (Alternate: D Panthout), Sir Rupert Myers, B Hickman, M Shibata (Alternates: Y Hirono, H Ohkawa, H Suzaki, K Takai, M Yoshida), P J Shirvington.

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

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

DIRECTOR-RELATED ENTITY

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

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

Sales revenue derived from JAURD totalled 1998: $46,020,000 (1997: $46,084,000).

Commission paid to JAURD totalled 1998: $497,000 (1997: $442,000).

Amounts receivable from JAURD at 30 June 1998 totalled $15,044,000 (1997: $13,346,000).

## 27. RELATED PARTIES (CONTINUED)

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

Interest paid in respect of the uranium loan totalled 1998: $1,664,000 (1997: $339,000).

Amount payable in respect of the uranium loan at 30 June 1998 totalled $36,226,000 (1997: $27,006,000) (note 19).

LOANS TO DIRECTORS

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

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| Aggregate movements in loan balances: | | | | |
| Aggregate loans at the beginning of the financial year | 26 | 23 | 26 | 23 |
| Add loans advanced during the financial year | 15 | 7 | 15 | 7 |
| Add loans transferred in from related corporations | 18 | – | 18 | – |
| Less loans transferred out to related corporations | (15) | – | (15) | – |
| Less loan instalments repaid during the financial year | (5) | (4) | (5) | (4) |
| Aggregate loans at the end of the financial year | 39 | 26 | 39 | 26 |

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 new US$60 million 3 year loan facility with North Finance Limited. This facility was negotiated on commercial terms and conditions. At 30 June 1998 A$45 million was drawn down and recognised as a non-current borrowing.

SUPERANNUATION FUND

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

OTHER RELATED PARTIES

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties were as follows: | | | | |
| Management fees paid to ultimate parent entity | 1,874 | 1,441 | 1,707 | 1,301 |
| Consulting fees paid to controlled entities | – | – | 2,990 | 2,533 |
| Marketing fees received from related parties | 432 | 585 | 432 | 585 |
| Consulting fees received from related parties | 333 | 326 | – | – |
| Net foreign exchange gains/(losses) from related parties | (12,446) | 4,044 | (12,446) | 4,044 |
| Interest paid to related parties | 1,710 | 1,285 | 1,710 | 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 |

# notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 1998

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **27. RELATED PARTIES (CONTINUED)** | | | | |
| Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows: | | | | |
| Current liabilities – creditors | | | | |
| Related parties | 382 | 2,062 | 382 | 2,062 |
| Controlled entities | – | – | 149 | 5 |
| Current liabilities – borrowings | | | | |
| Related parties | – | 50,938 | – | 50,938 |
| Non-current liabilities – borrowings | | | | |
| Related parties | 45,000 | – | 45,000 | – |

## 28. SHAREHOLDER–CUSTOMER TRANSACTIONS

All sales were conducted on commercial terms and conditions.

Total revenue derived from shareholder customers totalled 1998: $57,365,000 (1997: $51,964,000).

Amounts receivable from shareholder customers at 30 June 1998 totalled $15,044,000 (1997: $19,377,000).

## 29. INVESTMENT IN CONTROLLED ENTITY

| | CLASS OF SHARE | INTEREST HELD 1998 | INTEREST HELD 1997 | PLACE OF INCORP-ORATION | PARENT INVESTMENT AT COST $ 1998 | PARENT INVESTMENT AT COST $ 1997 | CONTRIBUTION TO CONSOLIDATED PROFIT $000 1998 | CONTRIBUTION TO CONSOLIDATED PROFIT $000 1997 |
|---|---|---|---|---|---|---|---|---|
| Shares in controlled entity: | | | | | | | | |
| ERA Environmental Services Pty Ltd | Ordinary | 100% | 100% | NSW | 100,000 | 100,000 | 206 | 122 |

The above controlled entity is wholly owned and no dividends were paid to the parent entity. (1997: $Nil).

| | CONSOLIDATED 1998 $000 | CONSOLIDATED 1997 $000 | THE COMPANY 1998 $000 | THE COMPANY 1997 $000 |
|---|---|---|---|---|
| **30. FINANCIAL REPORTING BY SEGMENTS** | | | | |
| **Geographical Regions** | | | | |
| Sales revenue is derived from customers in the following geographical areas: | | | | |
| Australia | 825 | 834 | – | – |
| United States | 63,664 | 105,510 | 63,664 | 105,510 |
| Asia | 90,501 | 94,249 | 90,501 | 94,249 |
| Europe | 46,346 | 29,968 | 46,346 | 29,968 |
| | 201,336 | 230,561 | 200,511 | 229,727 |

## 30. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

### Industries

| | URANIUM | | CONSULTING | | ELIMINATIONS | | CONSOLIDATED | |
|---|---|---|---|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| Sales revenue outside the economic entity | 200,511 | 229,727 | 825 | 834 | – | – | 201,336 | 230,561 |
| Intersegment revenue | – | – | 2,990 | 2,533 | (2,990) | (2,533) | – | – |
| Total sales revenue | 200,511 | 229,727 | 3,815 | 3,367 | (2,990) | (2,533) | 201,336 | 230,561 |
| Operating profit before tax | 47,296 | 71,383 | 321 | 189 | – | – | 47,617 | 71,572 |
| Total assets | 906,139 | 924,032 | 1,191 | 841 | (100) | (105) | 907,230 | 924,768 |

The economic entity operates predominantly in two industries:

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

(ii) Environmental consulting by 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.

## 31. NOTES TO THE STATEMENTS OF CASH FLOWS

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

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| Operating profit after income tax | 26,732 | 40,425 | 26,527 | 40,304 |
| Add/(less) items classified as investing/financing activities: | | | | |
| Loss on sale of non-current assets | 2,669 | 80 | 2,665 | 80 |
| Add/(less) non-cash items: | | | | |
| Depreciation and amortisation | 40,368 | 37,418 | 40,287 | 37,349 |
| Exploration expenditure | 294 | – | 294 | – |
| Net exchange differences | (1,105) | (124) | (1,105) | (124) |
| Change in operating assets and liabilities: | | | | |
| (increase)/decrease in trade debtors | 29,114 | (12,430) | 29,229 | (12,167) |
| (increase)/decrease in other debtors | (3,775) | 6,446 | (3,703) | 6,372 |
| (increase)/decrease in inventories | (9,448) | 19,617 | (9,448) | 19,617 |
| (increase)/decrease in prepayments | (9,340) | (3,031) | (9,340) | (3,031) |
| (decrease)/increase in trade and other creditors | (1,725) | 3,582 | (1,718) | 3,157 |
| (decrease)/increase in provision for income taxes payable | (24,360) | 15,510 | (24,557) | 15,614 |
| (decrease)/increase in net provision for deferred income tax liability and future income tax benefit | 8,244 | 314 | 8,264 | 238 |
| (decrease)/increase in other provisions | (2,119) | 445 | (2,140) | 491 |
| Net cash inflow from operating activities | 55,549 | 108,252 | 55,255 | 107,900 |

### (b) Non-Cash Financing and Investing Activities

During the year the economic entity acquired inventory amounting to $9,495,000 (1997: $33,928,000) by way of uranium loan. There was no cash flow associated with the acquisition of this inventory.

# notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 1998

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **32. FINANCING ARRANGEMENTS** | | | | |
| The economic entity has access to the following financing facilities: | | | | |
| Total facilities: | | | | |
| Bank overdrafts | 1,500 | 1,500 | 1,500 | 1,500 |
| Bank loans | 10,000 | 20,000 | 10,000 | 20,000 |
| Uranium loan | 53,985 | 51,139 | 53,985 | 51,139 |
| Loan from related parties | 98,782 | 80,429 | 98,782 | 80,429 |
| | 164,267 | 153,068 | 164,267 | 153,068 |
| Used at balance date: | | | | |
| Bank overdrafts | – | 145 | – | 145 |
| Bank loans | – | – | – | – |
| Uranium loan | 43,423 | 33,928 | 43,423 | 33,928 |
| Loan from related parties | 45,000 | 50,938 | 45,000 | 50,938 |
| | 88,423 | 85,011 | 88,423 | 85,011 |
| Unused at balance date: | | | | |
| Bank overdrafts | 1,500 | 1,355 | 1,500 | 1,355 |
| Bank loans | 10,000 | 20,000 | 10,000 | 20,000 |
| Uranium loan | 10,562 | 17,211 | 10,562 | 17,211 |
| Loan from related parties | 53,782 | 29,491 | 53,782 | 29,491 |
| | 75,844 | 68,057 | 75,844 | 68,057 |

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. The interest rate applicable at balance date was 8.25% (1997: 8.75%).

BANK LOANS

The loans are unsecured and denominated in Australian dollars and may be drawn at any time. They are payable on demand and subject to annual review. The interest rate applicable at balance date was 5.30% (1997: 5.65%).

URANIUM LOAN

The loan is unsecured and may be drawn on, subject to the lenders approval, up until February 2000. 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 $U_3O_8$ prices and are based on the original drawdown prices.

LOAN FROM RELATED PARTIES

The loan is unsecured and denominated in either Australia or United States dollars and may be drawn on up until December 2000. The interest rate applicable at balance date was 5.27% (1997: 5.89%).

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 1998 $000 | 1997 $000 | 1998 $000 | 1997 $000 |
| **33. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES** | | | | |
| The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates are as follows: | | | | |
| United States dollars: | | | | |
| Current – Receivables | | | | |
| Trade debtors | – | 16,710 | – | 16,710 |
| Other debtors | 32 | 24 | 32 | 24 |
| Current – Accounts Payable | | | | |
| Accounts Payable | 1,164 | 4,579 | 1,164 | 4,579 |

| | 1998 | 1997 |
|---|---|---|
| **34. EARNINGS PER SHARE** | | |
| Basic and diluted earnings per share: | $0.14 | $0.21 |

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 1998: 190,737,934 shares (1997: 190,737,934 shares).

## 35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

### (a) Interest Rate Risk

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

| | | | FIXED INTEREST MATURING IN | | | | |
|---|---|---|---|---|---|---|---|
| 1998 | NOTE | FLOATING INTEREST RATE $000 | 1 YEAR OR LESS $000 | OVER 1 TO 5 YEARS $000 | MORE THAN 5 YEARS $000 | NON-INTEREST BEARING $000 | TOTAL $000 |
| **Financial assets** | | | | | | | |
| Cash | 6 | 3,671 | – | – | – | – | 3,671 |
| Receivables | 7,10 | – | 5,384 | – | – | 53,347 | 58,731 |
| | | 3,671 | 5,384 | – | – | 53,347 | 62,402 |
| Weighted average interest rate | | 5.14% | 7.69 | | | | |
| **Financial liabilities** | | | | | | | |
| Borrowings* | 19 | 45,000 | – | – | – | – | 45,000 |
| Accounts payable | 15 | – | – | – | – | 18,609 | 18,609 |
| Dividends payable | 17 | – | – | – | – | 15,259 | 15,259 |
| | | 45,000 | – | – | – | 33,868 | 78,868 |
| Weighted average interest rate | | 5.27% | | | | | |

* The Uranium loan of $36,226,000 is not considered a financial instrument.

# notes to and forming part of the financial statements

**FOR THE YEAR ENDED 30 JUNE 1998**

## 35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

### (b) Foreign Exchange Risk

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

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

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

The economic entity's risk management policy guidelines set:

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

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

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

| MATURITY | FORWARD SALE | | PURCHASED US$ PUT OPTION (1) | | SOLD US$ CALL OPTION (2) | | UNRECOGNISED GAINS OR (LOSSES) (3) |
|---|---|---|---|---|---|---|---|
| | AMOUNT US$000 | RATE A$/US$ | AMOUNT US$000 | RATE A$/US$ | AMOUNT US$000 | RATE A$/US$ | A$000 |
| Less than 1 Year | 57,000 | 0.66 | 88,000 | 0.59 | 16,000 | 0.61 | (4,218) |
| 1 to 5 Years | 39,000 | 0.67 | 190,000 | 0.64 | 156,000 | 0.65 | (14,722) |
| More than 5 Years | 30,000 | 0.67 | 90,000 | 0.70 | 90,000 | 0.70 | (12,519) |
| Total | 126,000 | 0.66 | 368,000 | 0.64 | 262,000 | 0.67 | (31,459) |

(1) If certain purchased US$ put options are lapsed on their expiry dates, the economic entity is required to enter into forward foreign exchange contracts ("knock-in forwards") at pre-determined rates and value dates. The principal amount of these forwards equals the principal amount of the lapsed options. Details are shown in the table below.

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

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

| MATURITY | KNOCK-IN FORWARD | | KNOCK-OUT CALLS | |
|---|---|---|---|---|
| | AMOUNT US$000 | KNOCK-IN RATE A$/US$ | AMOUNT US$000 | KNOCK-OUT RATE A$/US$ |
| Less than 1 Year | 20,000 | 0.71 | 16,000 | 0.69 |
| 1 to 5 Years | – | – | 156,000 | 0.72 |
| More than 5 Years | – | – | 90,000 | 0.76 |
| Total | 20,000 | 0.71 | 262,000 | 0.73 |

## 35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

### (c) Commodity Price Risk

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

### (d) Credit Risk Exposures

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

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

The economic entity is not materially exposed to any individual customer. Material concentrations of credit risk on trade debts due from customers (on a basis of geographical location) are United States 25%, Japan 55%, and Asia (excluding Japan) 20%.

### (e) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

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

*On-Balance Sheet Financial Instruments*

The economic entity's financial assets and liabilities included in current assets and liabilities and employer share scheme loans and other non-current receivables are carried at amounts that approximate net fair value.

*Long-Term Borrowings*

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

*Off-Balance Sheet Financial Instruments*

The net fair value of off-balance sheet financial instruments is determined on a mark to market basis.

The net fair values of non-current financial assets, non-current financial liabilities and off-balance sheet financial instruments as at the reporting date are as follows:

| | CONSOLIDATED NET FAIR VALUE ASSET/(LIABILITY) $000 |
|---|---|
| **Assets** | |
| Employee share scheme loans | 1,474 |
| Receivables – other | 2,916 |
| **Liabilities (non-current)** | |
| Borrowings | (45,000) |
| **Off-Balance Sheet Financial Instruments** | |
| Hedges of foreign exchange exposure | (31,459) |

# statement by directors

**FOR THE YEAR ENDED 30 JUNE 1998**

1. In the opinion of the Directors of Energy Resources of Australia Ltd:
   (a) the Financial Statements set out on pages 32 to 55. 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 1998, and the state of affairs at 30 June 1998, 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 20th day of August 1998 in accordance with a resolution of the Directors.

C McC Anderson
Director

P J Shirvington
Director

# 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 1998, consisting of the Profit and Loss Accounts, Balance Sheets, Statements of Cash Flows, accompanying notes, and the Statement by Directors set out on pages 32 to 56.

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 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 1998 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

CM Jackson
Partner

20 August 1998

# shareholder information

## TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 20 August 1998

| SHAREHOLDERS | NUMBER OF SHARES HELD |
|---|---|
| Peko Wallsend Ltd | 65,407,896 |
| North Limited | 65,042,208 |
| Permanent Trustee Company Limited | 2,412,110 |
| Chase Manhattan Nominees Limited | 1,767,834 |
| Pendal Nominees Pty Limited | 1,039,747 |
| Citicorp Nominees Pty Limited | 597,695 |
| National Nominees Limited | 492,844 |
| Sandhurst Trustees Ltd | 416,533 |
| Reinsurers Investments Pty Limited | 277,337 |
| BT Custodians Limited | 252,419 |
| Sydney Reinsurance Company Limited | 244,170 |
| Bankers Trust Life Limited | 215,282 |
| Westpac Custodian Nominees Limited | 162,405 |
| QBE International (Investments) Pty Limited | 100,000 |
| QBE Nominees Pty Limited | 100,000 |
| Clipper Investments Ltd | 93,725 |
| QBE Securities Pty Limited | 89,911 |
| Orica Securities Proprietary Limited | 70,600 |
| PK Trading (WA) Pty Ltd | 66,079 |
| Employers Mutual Indemnity (Workers Compensation) Ltd | 63,464 |
| Total of top twenty holdings | 138,912,259 |

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 97.23 per cent.

## ENTITLEMENT TO VOTES

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

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

## DISTRIBUTION OF SHAREHOLDERS as at 20 August 1998

(a) A CLASS ORDINARY SHAREHOLDERS

Equal to 74.90% of the issued capital

| | NUMBER OF SHAREHOLDERS | % | NUMBER OF SHARES | % |
|---|---|---|---|---|
| 1 - 1,000 | 6,845 | 91.18 | 1,422,273 | 0.99 |
| 1,001 - 5,000 | 540 | 7.19 | 1,117,009 | 0.78 |
| 5,001 - 10,000 | 59 | 0.79 | 452,884 | 0.32 |
| 10,001 - 100,000 | 49 | 0.65 | 1,639,116 | 1.15 |
| over 100,001 | 14 | 0.19 | 138,234,164 | 96.76 |
| | 7,507 | 100.00 | 142,865,446 | 100.00 |

There were 4,280 holders of less than a marketable parcel of ordinary shares.

(b) B CLASS ORDINARY SHAREHOLDERS

Equal to 14.46 per cent of the issued capital

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

(c) C CLASS ORDINARY SHAREHOLDERS

Equal to 10.64 per cent of the issued capital

| | NUMBER OF SHARES | % |
|---|---|---|
| Japan Australia Uranium Resources Development Co Ltd | 20,299,020 | 100.00 |
| **TOTAL ISSUED SHARES** | **190,737,934** | **100.00** |

## REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shares held as at 20 August 1998

| A CLASS ORDINARY SHAREHOLDERS | NUMBER OF SHARES HELD |
|---|---|
| Peko Wallsend Ltd | 65,407,896 |
| North Limited* | 130,450,104* |
| **B CLASS ORDINARY SHAREHOLDERS** | **NUMBER OF SHARES HELD** |
| Rheinbraun Australia Pty Limited*** | 12,294,348 |
| UG Australia Developments Pty Ltd | 7,982,576 |
| Interuranium Australia Pty Ltd | 3,776,989 |
| Cogema Australia Pty Ltd** | 2,494,555 |
| **C CLASS ORDINARY SHAREHOLDERS** | **NUMBER OF SHARES HELD** |
| Japan Australia Uranium Resources Development Co Ltd | 20,299,020 |

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

** By notice of change of interest of substantial shareholders dated 20 January 1992 received from Compagnie Générale Des 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.

*** On 11 August 1998 Cameco Corporation announced that it had entered into an agreement to acquire from Rheinbraun all of its B Class shares in ERA. The acquisition of these shares is subject to third-party consents and approval by the Australian foreign investment regulatory authorities.

## STOCK EXCHANGE LISTING

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

The home exchange is Sydney.

# ten year performance

| YEAR ENDED 30 JUNE | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 | 1989 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Revenue ($000) | 201,336 | 230,561 | 180,350 | 140,034 | 152,178 | 159,505 | 170,459 | 210,407 | 206,898 | 177,516 |
| Earnings Before Interest and Tax ($000) | 48,810 | 73,759 | 60,839 | 38,006 | 46,055 | 75,003 | 71,888 | 101,999 | 130,762 | 90,608 |
| Profit Before Tax ($000) | 47,617 | 71,572 | 58,560 | 35,424 | 44,281 | 72,528 | 69,089 | 101,604 | 125,830 | 80,630 |
| Income Tax Expense ($000) | 20,885 | 31,147 | 17,831 | 23,058 | 17,774 | 14,838 | 30,403 | 27,554 | 68,328 | 42,876 |
| Profit After Tax ($000) | 26,732 | 40,425 | 40,729 | 12,366 | 26,507 | 57,690 | 38,686 | 74,050 | 57,502 | 37,754 |
| Total Assets ($000) | 907,230 | 924,768 | 865,045 | 899,984 | 920,489 | 975,560 | 945,406 | 827,756 | 847,491 | 882,081 |
| Shareholders' Equity ($000) | 668,528 | 668,499 | 654,777 | 640,752 | 651,652 | 625,145 | 567,455 | 545,169 | 464,793 | 448,291 |
| Long-Term Debt ($000) | 81,226 | 27,006 | 31,073 | 69,952 | 88,499 | 120,127 | 174,491 | 52,107 | 39,566 | 102,821 |
| Current Ratio | 3.51 | 1.41 | 2.15 | 2.14 | 2.27 | 1.96 | 2.33 | 2.24 | 0.98 | 1.10 |
| Liquid Ratio | 1.23 | 0.68 | 1.07 | 1.06 | 1.13 | 1.09 | 0.84 | 0.96 | 0.49 | 0.56 |
| Gearing Ratio (%) | 10.8 | 3.9 | 4.5 | 9.8 | 12.0 | 16.3 | 23.9 | 13.3 | 12.1 | 22.2 |
| Interest Cover (times) | 12.8 | 19.6 | 11.2 | 7.5 | 13.1 | 18.2 | 15.5 | 19.6 | 12.6 | 5.2 |
| Return on Shareholders' Equity (%) | 4.0 | 6.1 | 6.3 | 1.9 | 4.2 | 9.7 | 7.0 | 14.7 | 12.6 | 7.6 |
| Earnings Per Share (cents) | 14.0 | 21.2 | 21.4 | 6.4* | 6.5 | 14.1 | 9.4 | 18.1 | 14.0 | 9.2 |
| Dividends Per Share (cents) | 14.0 | 14.0 | 14.0 | 252.5 | – | – | 4.0 | 10.0 | 10.0 | 15.0 |
| Payout Ratio (%) | 99.9 | 66.1 | 65.6 | 1,757.7** | – | – | 42.4 | 55.4 | 71.3 | 162.9 |
| Share Price ($) | 3.02 | 5.90 | 4.65 | 2.92 | 1.25 | 1.30 | 1.22 | 1.47 | 2.00 | 2.32 |
| Price–Earnings Ratio | 21.6 | 27.8 | 21.8 | 45.6 | 19.2 | 9.2 | 12.9 | 8.1 | 14.3 | 25.2 |
| Dividend Yield (%) | 4.6 | 2.4 | 3.0 | 86.5 | – | – | 3.3 | 6.8 | 5.0 | 6.5 |
| Net Tangible Assets per Share ($) | 3.5 | 3.5 | 3.43 | 3.36 | 1.59 | 1.52 | 1.38 | 1.33 | 1.13 | 1.09 |
| No. of Permanent Employees | 255 | 246 | 215 | 198 | 193 | 198 | 191 | 339 | 340 | 354 |
| Profit After Tax per Employee ($000) | 104.8 | 164.3 | 189.4 | 62.4 | 137.3 | 291.4 | 202.5 | 218.4 | 169.1 | 106.6 |
| Ore Mined (million tonnes) | 2.310 | 0.709 | – | 0.841 | 0.712 | 0.830 | 0.435 | 0.661 | 1.085 | 2.400 |
| Ore Milled (million tonnes) | 1.843 | 1.571 | 1.201 | 0.578 | 0.437 | 0.426 | 0.986 | 1.090 | 1.089 | 0.975 |
| Mill Head Grade (% $U_3O_8$) | 0.269 | 0.311 | 0.349 | 0.345 | 0.389 | 0.348 | 0.324 | 0.295 | 0.314 | 0.408 |
| Mill Recovery (%) | 86.77 | 85.51 | 85.11 | 82.90 | 85.69 | 90.56 | 89.83 | 90.78 | 90.10 | 91.06 |
| Production (tonnes $U_3O_8$) – drummed | 4,161.9 | 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 |
| Sales – Ranger Concentrates (tonnes $U_3O_8$) | 4,635.3 | 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 |
| Sales – Other Concentrates (tonnes $U_3O_8$) | 292.5 | 1,464.3 | 867.6 | 1,418.4 | 1,510.3 | 848.0 | 1,328.4 | 802.3 | 47.6 | – |
| Sales – Total (tonnes $U_3O_8$) | 4,927.8 | 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 |

* 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 |

# 1998 achievements from 1997 annual report

| OBJECTIVE | OUTCOME |
|---|---|
| **FINANCE** | |
| To maximise profits | Profit after tax decreased to $26.7 million due to lower spot prices, the plant chemical problem and no refund from the Rehabilitation Trust Fund |
| To maximise shareholder value | Shareholder value continues to be a focus with approvals for Jabiluka in place, finalisation of the plant capacity expansion and new long-term sales contracts put in place |
| To maintain optimum debt level | Net debt of $77.6 million |
| **COMMUNITY** | |
| To participate in the implementation of specific initiatives set out in the Kakadu Region Social Impact Study (KRSIS) | KRSIS initiatives included in agreement with NLC associated with Jabiluka approval |
| To work closely with the Aboriginal community to help establish new Aboriginal Business Enterprises | Included in agreement with NLC associated with Jabiluka approval |
| To monitor the results of the ban on take-away alcohol | Monitoring study undertaken, finding 30 per cent less alcohol consumed in Jabiru as a result of the ban |
| **OPERATIONS** | |
| To undertake full-scale mining of Ranger #3 | Mining of Ranger #3 ahead of schedule |
| To increase production to approximately 5,000 tonnes $U_3O_8$ | Production of 4,162 tonnes, due to chemical problems in the processing plant |
| To transfer 1.0 million cubic metres of tailings from the tailings dam to pit #1 | Transferred 265,000 cubic metres of tailings from the tailings dam to pit #1 |
| To reduce cash costs of production while maintaining stockpile grade | Cash costs of production increased due to chemical problems |
| **DEVELOPMENT** | |
| To obtain approval for Jabiluka | Approval for the construction of the Jabiluka mine obtained |
| To commence development of Jabiluka if approval is obtained | Development of the Jabiluka mine commenced on 15 June 1998 |
| To extend the Ranger Project Authority beyond 2000 | Negotiations continuing |
| **EMPLOYEES** | |
| To develop and implement a program for management and improvement of safety and health issues | Safety and health now incorporated in the management systems of all projects |
| To reduce the lost time injury (LTI) frequency rate | LTI frequency rate reduced |
| To develop a human resources strategy aligned with Company goals | Human resources strategy developed and implemented |
| **ENVIRONMENT** | |
| To complete integration of environment, safety and health management systems | Integration of systems completed, now undertaking further development of long-term plans |
| To consolidate long-term plans for rehabilitation and tailings deposition | Company recommends final deposition of tailings in the pits |
| To dispose of surplus water accumulation | Tailings dam returned to full evaporative surface |
| **MARKETING** | |
| To secure new long-term contracts | Seven new long-term contracts signed |
| To expand market share in the north Asia market | Two new contracts signed with Asian customers |
| To optimise stock levels while maintaining security of supply to customers | Stock levels depleted slightly due to lower production than sales |

# announcements

## 1998 *financial year*

| | |
|---|---|
| 11 July 1997 | Jabiluka EIS recommendation |
| 17 July 1997 | Quarterly Production & Exploration Report to 30 June 1997 (unaudited) |
| 21 August 1997 | ERA Profit Report |
| 28 August 1997 | ERA welcomes Jabiluka recommendation |
| 8 October 1997 | Jabiluka mine proposal approved |
| 16 October 1997 | General Meeting of Energy Resources of Australia - Resolutions |
| 17 October 1997 | Quarterly Profit, Production & Exploration Report to 30 September 1997 (unaudited) |
| 14 November 1997 | ERA negotiating with Northern Land Council on Jabiluka |
| 23 January 1998 | Half Yearly Results |
| 11 Feb 1998 | ERA Welcomes Federal Court Finding on Jabiluka |
| 18 Feb 1998 | Boost for NT Aboriginal economy (Ranger royalties) |
| 3 March 1998 | Temporary halt to production at Ranger |
| 19 March 1998 | Restart to production after shutdown |
| 24 March 1998 | Announcement of new Chief Financial Officer/ Company Secretary |
| 24 March 1998 | Appointment of Deputy Chief Executive |
| 22 April 1998 | Quarterly Profit, Production & Exploration Report to 31 March 1998 (unaudited) |
| 29 April 1998 | Jabiluka mill to be considered by Environment Minister |
| 11 May 1998 | Aboriginal consultations on Jabiluka concept finalised |
| 1 June 1998 | Northern Territory Supreme Court hearing regarding development of Jabiluka Mine |
| 2 June 1998 | Approvals given for Jabiluka mine development with construction planned to start soon |
| 5 June 1998 | Ranger plant operating below capacity |
| 9 June 1998 | Jabiluka mill alternative PER submitted today |
| 16 June 1998 | Construction commences at Jabiluka |
| 25 June 1998 | Report to Australian Stock Exchange on Year 2000 Project |

## 1999 *financial year*

| | |
|---|---|
| 16 July 1998 | Quarterly Production & Exploration Report to 30 June 1998 (unaudited) |
| 20 August 1998 | Full year results |
| 15 October 1998 | ERA Annual General Meeting |
| 16 October 1998 | Proposed Quarterly Profit, Production & Exploration Report to 30 September (unaudited) |
| 22 January 1999 | Proposed Half Yearly Results |
| 16 April 1999 | Proposed Quarterly Profit, Production & Exploration Report to 31 March (unaudited) |
| 30 June 1999 | End of 1999 Financial Year |

**MANAGEMENT**

P Shirvington
*Chief Executive*

R Cleary
*Deputy Chief Executive*

K Lonie
*General Manager – Operations*

G Mallett
*Chief Financial Officer*

W Davies
*General Manager – Marketing*

Dr A Milnes
*General Manager – Environmental Services*

**SECRETARIES**

G Mallett

R Kemp

**AUDITORS**

KPMG

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Commonwealth Bank of Australia

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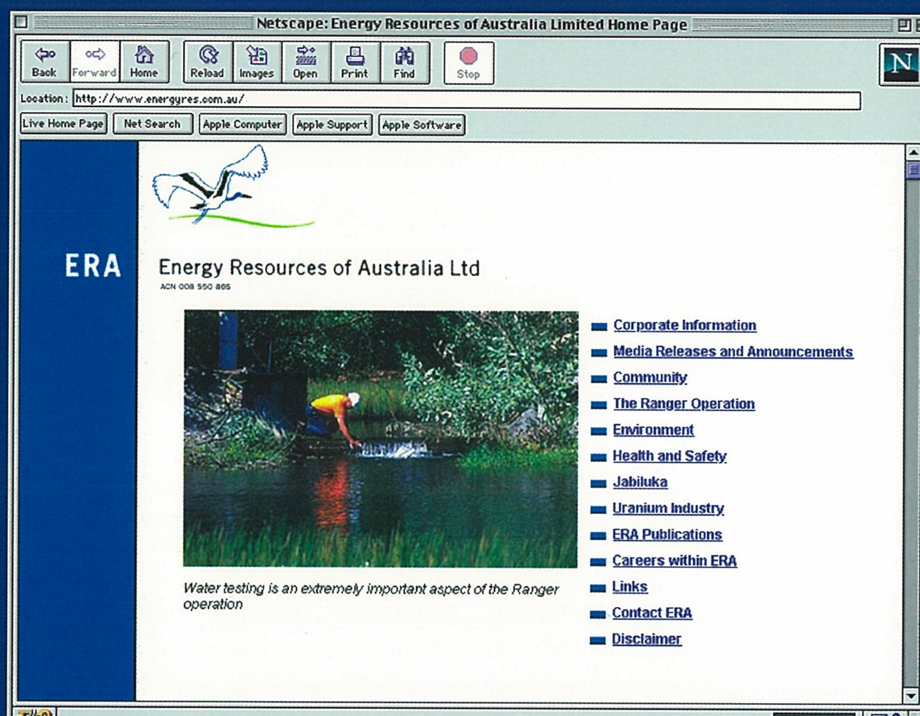


**PUBLICATIONS AVAILABLE FROM ERA**

The Ranger Operation
Aboriginal People and Ranger
Rehabilitation at Ranger
Managing Water at Ranger
Aboriginal Employment Strategy
ACIL Report - Economic flows from the Ranger uranium mine to Aboriginal communities in the Northern Territory
The Jabiluka Project Fact Sheets
The Jabiluka Project Executive Summary
The Jabiluka Project EIS, Supplement to the EIS and The Jabiluka Mill Alternative PER (CD Rom only - cost $20)
Environment Safety and Health Annual Report - Summary - Ranger mine
ERA Policy Statement
ERA Quarterly Newsletter
Nuclear Issues briefing papers (UIC publications)