

A N N U A L
R E P O R T
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ENERGY RESOURCES OF AUSTRALIA LTD

ACN 008 550 865

There has been considerable publicity surrounding the Jabiluka mine development over the past 12 months.

Jabiluka

The following information is provided to shareholders in order to explain why your Company is committed to this project and also seeks to counter some views which have been expressed about this project.

ERA recognises its responsibility for the sound environmental, social and economic development of Jabiluka.

- JABILUKA is a small underground mining operation consisting of a tunnel in the side of a hill, a retention pond and a small stockpile. It covers an area of less than 20 hectares. The existing Ranger mine is 620 hectares and the adjacent Kakadu National Park is two million hectares.
- YET this tiny operation will generate nearly \$4 billion in economic wealth for Australia and \$210 million in royalties for Aboriginal groups.
- AND environmental regulatory bodies have concluded that the existing Ranger operation has had no detrimental impact on Kakadu National Park over its 19 years of operation.
- IN addition, the Company's health and safety rating puts it in the top 5 per cent of safe workplaces in Australia.
- IT is ERA's endeavour to be flexible, listen and respond to the changing needs and expectations of our key stakeholders. In line with this approach we have recently agreed to phase in mining at Jabiluka as mining at Ranger is phased out.

We welcome scrutiny of our operations.

- Ranger is one of the most scrutinised and highly regulated mines in the world. Jabiluka will operate under similar stringent conditions.
- The World Heritage Committee has examined our operations and recognises that Kakadu National Park is not in danger from Jabiluka as long as outstanding environmental and cultural concerns are addressed.

The social and cultural concerns of the Aboriginal people of Kakadu are important to us and we will work to resolve these issues.

- The recent World Heritage process has provided an opportunity to further build relations with Aboriginal groups.
- To assist a fresh approach, ERA - in conjunction with the Northern Land Council - is developing a new communication protocol to facilitate discussions with the Aboriginal people affected by the project.

The future for Kakadu.

- The process of rehabilitation has commenced at both Ranger and Jabiluka.

Full rehabilitation at both Jabiluka and Ranger is financially guaranteed and \$30 million in cash has been set aside by ERA for this purpose.

COMPANY PROFILE

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

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

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

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

CORPORATE MISSION

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

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

VISION AND VALUES

ERA employees have developed a corporate vision and values that are integrated with those held by the Company's parent, North Limited. The new ERA vision is: "achieving success above all challenges" coupled with the Core Values of a "high level of trust" and "open and honest communication".

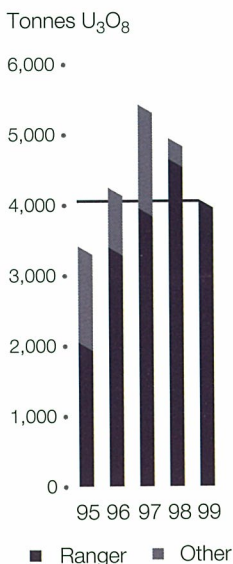
2000 OBJECTIVES

- Maximise profit and shareholder value through cost savings and strategic use of resources
- Continue development of Jabiluka
- Work closely with the Aboriginal community to continue to maximise the benefits to the community as a result of ERA's presence
- Build a better understanding within the Australian community of the value of uranium mining to the nation
- Continue to increase the number of Aboriginal employees
- Retain five-star safety and health rating
- Maintain and build on ERA's excellent environmental record by continuing to ensure the Company's operations do not detrimentally impact the world heritage values of Kakadu.

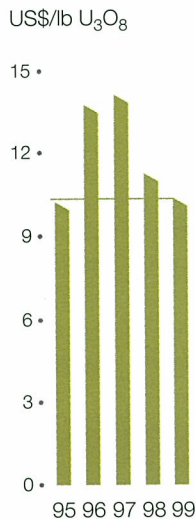
BEYOND 2000

- Commence limited mining of uranium oxide at Jabiluka in 2001 and processing through the Ranger facilities
- Increase production from Ranger ore in line with sales to utilise full production capacity and at the same time reduce unit costs with the greater economies of scale.

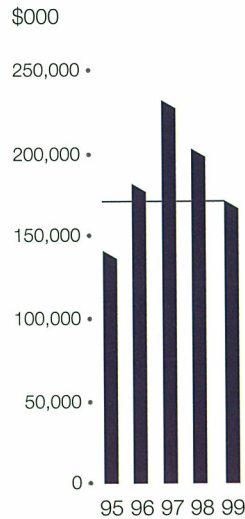
ERA SALES



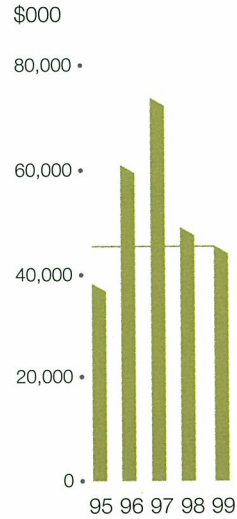
AVERAGE SPOT PRICE



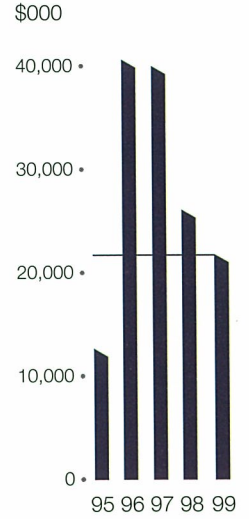
SALES REVENUE



EARNINGS BEFORE INTEREST & TAX



PROFIT AFTER TAX





The Jabiluka mine site, late wet season, March 1999.

1999 HIGHLIGHTS

- Profit after tax of \$21.9 million
- Total dividends maintained at 14.0 cents
- Four new sales contracts
- Development of Jabiluka on schedule
- UNESCO rejects "in danger" proposal for Kakadu
- Five-star safety and health rating
- Aboriginal employees now represent 15 per cent of the workforce
- Ranger Agreement extended
- New Chairman and new Chief Executive

\$21.9 MILLION PROFIT FOR YEAR

The past year was challenging for ERA with earnings before interest and tax falling to \$45.8 million (1998: \$48.8 million). Profit after tax was also lower at \$21.9 million (1998: \$26.7 million).

The decrease in earnings before interest and tax was primarily a result of lower sales revenue due to a decrease in sales to 4,006 tonnes U_3O_8 (1998: 4,928 tonnes U_3O_8), and a low uranium spot price (see Finance page 4). The restricted spot price averaged US\$10.07 per pound U_3O_8 during the year compared to US\$11.23 per pound U_3O_8 in the previous year.

ERA believes that market fundamentals remain firm and prices are likely to increase over the longer term.

Two fully franked dividends were declared during the year; an interim dividend of 3.0 cents and a final dividend of 11.0 cents. Borrowings decreased slightly during the year to \$77.3 million (1998: \$81.2 million) and capital expenditure was \$45 million (1998: \$26.3 million).

PRODUCTION RATES ALTERED TO MATCH DEMAND

In response to the lower sales, ERA reduced production at Ranger to an annualised rate of 4,000 tonnes U_3O_8 from

January 1999. The new production rate is generally in line with nominated sales tonnages for the immediate future. Production for the year was 4,375 tonnes U_3O_8 (1998: 4,162 tonnes U_3O_8). The new mill is performing well with the implementation of additional operational procedures following the chemical problems experienced during 1998.

Improved long-term market certainty and stability is expected to flow from the signing of a commercial agreement for the orderly disposal of the excess Russian Highly Enriched Uranium (HEU) between three North American/European uranium enterprises and the Russian Federation Ministry of Atomic Energy on 24 March 1999. The agreement outlines arrangements for orderly marketing of uranium diluted from Russian nuclear weapons for use as fuel in nuclear electricity stations and provides for stockpiling the uranium for up to 10 years or until it can be sold without disrupting the market.

NEW CONTRACTS FOR ERA

ERA secured four new contracts during the year: two with a US utility; one with a Scandinavian utility; and one with a Japanese utility. Forward sales are up to 25,000 tonnes U_3O_8 over the next 10 years.

JABILUKA

The schedule for the Jabiluka mine development remains on target. Excavation of the Jabiluka decline (underground tunnel) was completed in July 1999 and marks the end of Stage 1 of development.

The Jabiluka project has now entered a 12 month design phase that will enable the completion of further environmental and cultural studies as well as negotiations on the Ranger-Jabiluka road construction.

In August 1998, the Public Environment Report (PER) on the Jabiluka Mill Alternative (JMA) received Commonwealth environmental approval. This is in addition to approval for ERA's preferred option of milling and processing at Ranger that was granted in October 1997.

The PER decision for the JMA completed the Commonwealth approval process under the *Environment Protection (Impact*

of *Proposals*) Act for the Jabiluka mine and for options to mill the ore either at Jabiluka or at the existing facility at Ranger.

The milling of the Jabiluka ore at Ranger – the Ranger Mill Alternative (RMA) has always been ERA's preferred option, notwithstanding the original Aboriginal approvals for the milling of ore at Jabiluka which are still current. This preferred option has been known and supported by the wider group of Aboriginal people affected by the project since acquisition by ERA in 1991. The RMA is recognised as offering the opportunity for better environmental, social and economic outcomes.

In the year ahead, ERA will continue its negotiations with Aboriginal representatives to reach agreement on the RMA.

On 12 July 1999 the World Heritage Committee, by a majority of 20 to 1, confirmed that the Jabiluka Project would not cause Kakadu's world heritage status to be placed in danger.

As a result of the decision, a new long-term blueprint for the continued protection of Kakadu has been put in place.

The Company has agreed to limit Jabiluka production until the Ranger ore body is exhausted. This concession was in response to concerns held by some Committee members that Kakadu would be adversely affected if two mines were in full-scale operation simultaneously.

The concession still allows ERA to meet all its commercial obligations, but limits its ability to gain benefit from any strong upturn in the uranium market.

ERA has called on all parties involved in the debate to use the UNESCO outcome to build a climate of conciliation. ERA is committed to working with the Traditional Owners and other Aboriginal organisations to reach agreement which is beneficial to the Aboriginal owners of the land, the wider Aboriginal community, the national economy and the Company.

The Company is optimistic that agreement on outstanding issues can be reached in a climate of goodwill and honesty.

RANGER SECURES HIGHEST SAFETY AND HEALTH RATING

Australia's peak independent safety auditor, the National Safety Council of

Australia (NSCA) awarded its highest safety and health rating, the Five Star Award, to ERA's Ranger mine. The award indicates an exceptionally high level of achievement and places the Ranger mine within the top 5 per cent of industry occupational safety and health performances.

ABORIGINAL EMPLOYMENT

Also during the year, ERA made significant progress in encouraging Aboriginal employees into its workforce. Aboriginal employees now represent 15 per cent (1998: 9 per cent) of the Ranger workforce.

KRSIS WORKING GROUP ESTABLISHED

The Kakadu Region Social Impact Study (KRSIS), which was part-funded by ERA, established a Working Group to oversee the implementation of the various recommendations. In 1998 former Minister and Senator, The Hon. Bob Collins was appointed Chairman of the Implementation Committee. ERA is represented on the Working Group and has been instrumental in helping implement a number of recommendations stemming from its findings, including alcohol control and a Family Resource Centre.

CULTURAL SITES

ERA is sensitive to the cultural values of the Kakadu region and all cultural sites within the park and the mining leases have been identified for many years and are protected under strict standards. The Boiwek site (as originally identified by the current Traditional Owner in 1992) is protected and completely outside the fenced area where mining and related activities take place.

Following a request by the Gundjehmi Aboriginal Corporation representing the Mirrar Clan, the Commonwealth Environment Minister announced a detailed investigation into the alleged Boiwek–Almudj complex of Sacred Sites.

The Government initiated the Section 10 inquiry under the *Commonwealth Aboriginal & Torres Strait Islander Heritage Protection Act* following claims in 1997 by the Mirrar that the Boiwek site extended across the Oenpelli Road to encompass

the mine valley containing the Jabiluka development.

RANGER AGREEMENT EXTENDED

Aboriginal and government negotiations to continue uranium operations at the Ranger Project Area for the next 21 years have had a positive outcome. The Company has secured extension of the Agreement with the Northern Land Council (NLC), acting on behalf of the Traditional Owners, and the Commonwealth Government.

RANGER AND JABILUKA ROYALTIES

Ranger royalties and other royalty type payments to Traditional Owners for the year were \$7.2 million. In addition to this, \$1.8 million was paid under the Jabiluka mining agreement adding to the \$1.9 million paid in the previous year. Total royalty type payments for Ranger since it was established amount to \$153.2 million.

NEW ERA CHAIRMAN AND CHIEF EXECUTIVE

In January 1999, Mr Malcolm Broomhead took over as Chairman following the retirement of Mr Campbell Anderson.

On 15 July 1999, Robert Cleary, former Deputy Chief Executive, took over from Phillip Shirvington as Chief Executive and Board Member. Mr Cleary's background is in chemical engineering and he has extensive experience at ERA having also held the position of General Manager – Operations at Ranger.

ENVIRONMENT

Environmentally, the Government supervising authorities confirmed that Ranger and Jabiluka operated well during the year. Their reports confirmed ERA's history of 19 years of operation with no detrimental impact on the surrounding environment.



Ranger showing the plant and Ranger #3 top right.

1999 HIGHLIGHTS

- Profit after tax of \$21.9 million
- Total dividends of 14.0 cents per share maintained
- Jabiluka Stage 1 completed ahead of time and below budget

2000 OBJECTIVES

- Maximise shareholder value
- Reduce debt level

\$21.9 MILLION PROFIT

Profit after tax for the year was \$21.9 million (1998: \$26.7 million). Earnings before interest and tax were 6.1 per cent lower than the previous financial year at \$45.8 million (1998: \$48.8 million).

The decrease can be attributed to:

- lower sales and the lower average spot (market) price of US\$10.07 per pound U_3O_8 for the year (1998: US\$11.23 per pound U_3O_8), which affects less than half of ERA's current revenue even though ERA sells primarily on the long term market;
- a small increase in interest; and
- increased tax compared to the 1998 financial year in which a once-off tax benefit of \$3.3 million was received.

However, these factors were offset slightly by:

- an 8 per cent reduction in the unit cost of production (which is expected to be sustainable); and
- the inclusion in income of a refund of \$1.3 million (1998: nil) from the Ranger Rehabilitation Trust Fund. This fund has been set up to ensure all costs of rehabilitation of the Ranger Project Area are fully funded and the cost at 31 March 1999 was estimated to be \$29.8 million.

Table 1: HIGHLIGHTS

YEAR ENDED 30 JUNE	1999	1998	% CHANGE
Financial, \$ million			
Sales revenue	172.9	201.3	-14.1%
Operating profit before tax	43.2	47.6	-9.4%
Income tax expense	21.3	20.9	1.8%
Operating profit after tax	21.9	26.7	-19.1%
Total assets	929.0	907.2	2.4%
Share capital	214.6	38.2	461.3%
Capital and reserves	663.7	668.5	-0.7%
Earnings per share, cents	11.0	14.0	-21.4%
Return on shareholders' equity, per cent	3.3	4.0	-17.8%
Dividend per share, cents	14.0	14.0	0.0%
Production			
Ore mined, million tonnes	2.496	2.310	8.0%
Ore milled, million tonnes	1.827	1.843	-0.9%
Mill head grade, per cent U_3O_8	0.267	0.269	-0.7%
Total Production, tonnes U_3O_8 drummed	4,374.8	4,161.9	5.1%
Sales Tonnes			
Ranger	4,006.0	4,635.3	-13.6%
Other	0.0	292.5	-100.0%
Total	4,006.0	4,927.8	-18.7%

Ranger sales for the year were 4,006 tonnes U₃O₈. The figure is lower than the record set for Ranger sales at 4,635 tonnes U₃O₈ for 1998. The reduced sales resulted from several ERA customers choosing to exercise minus tonnage options under existing contracts. Sales revenue for the year totalled \$172.9 million, compared to \$201.3 million in 1998.

Significantly, the unit cost of production dropped as a result of a comprehensive cost reduction program and process improvements. The unit cost was reduced by 8 per cent. This outstanding achievement is the result of the implementation of cost savings across the operation including a number of process improvements that have resulted in a significant decrease in the consumption of key materials and an improvement in material recovery. It is expected these cost savings will be sustainable into the future.

The Company continued its policy of managing its foreign exchange exposure. ERA's average hedged rate was US\$/A\$0.64 for the year.

BORROWINGS

ERA's borrowings at 30 June 1999 were \$77.3 million (1998: \$81.2 million). \$35.1 million of this amount was a continuation of the uranium loan arrangement with shareholder, Japan Australia Uranium Resources Development Co Ltd (JAURD).

CAPITAL EXPENDITURE

Capital expenditure of \$45 million (1998: \$26.3 million) was undertaken during the year. Major capital expenditure included the construction of the Jabiluka decline and the upgrade to the Ranger Acid Plant. Importantly, both Stage 1 of the Jabiluka project and the Acid Plant capacity expansion were completed ahead of schedule and under budget.

Capital expenditure for the next 12 months will reduce. Major expenditure will include ongoing costs for the Jabiluka project and some heavy equipment replacements and rebuilds.

DIVIDENDS

The Directors declared a final dividend of 11.0 cents (1998: 8.0 cents). The dividend will be fully franked at 36 per cent and will be paid on 22 September 1999. The record date for the dividend was 8 September 1999.

An interim dividend of 3.0 cents (1998: 6.0 cents) was paid on 25 February 1999.

Table 2: **SHARES**

	1999	1998	1997	1996	1995
Shareholders	7,612	7,513	7,803	8,329	12,095
Price, \$ per share					
year high	3.31	6.04	6.50	6.25	6.90*
year low	1.50	3.00	4.65	2.70	1.20
year end	1.70	3.02	5.90	4.65	2.92**

* 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

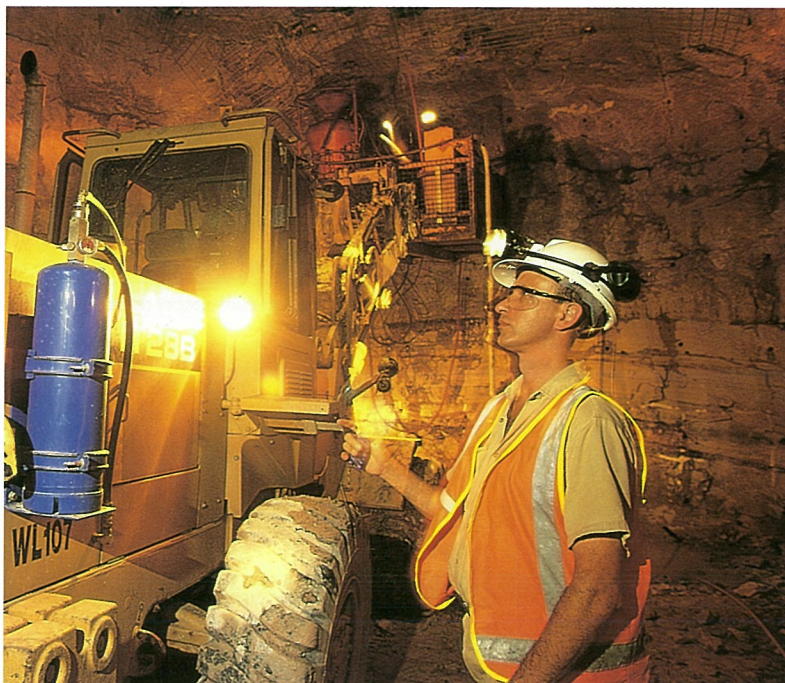
Table 3: **PROFIT & LOSS SUMMARY**

	\$ million				
YEAR ENDED 30 JUNE	1999	1998	1997	1996	1995
Sales revenue	172.9	201.3	230.6	180.4	140.0
Net expenses	127.1	152.5	156.8	119.6	102.0
Earnings before interest & tax	45.8	48.8	73.8	60.8	38.0
Net interest expense	2.6	1.2	2.2	2.2	2.6
Operating profit before tax	43.2	47.6	71.6	58.5	35.4
Income tax expense	21.3	20.9	31.2	17.8	23.0
Operating profit after tax	21.9	26.7	40.4	40.7	12.4

Table 4: **SIMPLIFIED BALANCE SHEET**

	\$ million				
AT 30 JUNE	1999	1998	1997	1996	1995
Shareholders' equity	663.7	668.5	668.5	654.8	640.8
Share capital	214.6	38.2	38.2	38.2	38.2
Reserves	389.5	565.9	565.9	565.9	565.9
Retained profits	59.6	64.4	64.4	50.7	36.7
Represented by:					
Non-current assets	719.4	741.4	747.7	698.1	728.7
property, plant & equipment	500.7	534.2	556.5	522.5	546.5
exploration, evaluation and development expenditure	188.2	158.7	153.6	152.3	152.0
other	30.5	48.5	37.7	23.3	30.2
Non-current liabilities	110.0	191.4	131.0	132.6	179.2
creditors and borrowings	0.0	81.2	27.0	29.1	72.7
other	110.0	110.2	104.0	103.5	106.5
Working Capital	54.3	118.5	51.8	89.3	91.3
cash	4.8	3.7	7.7	10.7	39.4
net receivables	37.9	35.7	53.2	52.9	26.3
stock	128.5	95.2	83.7	80.6	82.5
other	(116.9)	(16.1)	(92.8)	(54.9)	(56.9)
Net Assets	663.7	668.5	668.5	654.8	640.8
Earnings per share, cents	11.0	14.0	21.2	21.4	6.4*
Return on shareholders' equity, per cent	3.3	4.0	6.1	6.3	1.9
Dividends per share, cents	14.0	14.0	14.0	14.0	252.5

* Based on reconstructed capital



Peter Lloyd in the tunnel at Jabiluka.

1999 HIGHLIGHTS

- Jabiluka development completed ahead of schedule and under budget
- Acid plant capacity expansion completed within budget
- ERA Business System implemented

2000 OBJECTIVE

- Advance Jabiluka negotiations

JABILUKA

Following full Commonwealth Government approval being granted for the Jabiluka mine, Stage 1 of the project commenced on 15 June 1998 with construction of the surface facilities.

The surface facilities consist of a water retention pond, waste rock and mineralised waste rock stockpile pads, administration offices, change and maintenance facilities and the portal. These were completed before the start of the wet season.

Construction of the 1,150 m decline commenced in late September 1998. At the bottom of the decline, 720 m of level underground tunnels have been developed to access the Jabiluka orebody. This work was completed on 4 July 1999, several months ahead of the original development schedule.

From mid August 1999, ERA commenced mine planning, core sampling and further environmental and safety studies. Jabiluka is now in a data evaluation and planning phase for approximately 12 months. Detailed discussions with Aboriginal

groups, regarding the Ranger–Jabiluka access road and other issues, will take place during this phase.

During the year, two legal cases taken by Yvonne Margarula in relation to the development at Jabiluka were resolved in favour of the Company. In the first case, the High Court confirmed the validity of the Jabiluka Mineral Lease. In the second case, the Darwin Supreme Court found that the Northern Territory Minister for Resource Development appropriately issued authorisation to develop Jabiluka.

Subsequently, Yvonne Margarula launched a third action against the Commonwealth Minister for the Environment and the Minister for Resources. Yvonne Margarula's application claims the Ministers did not follow due process in granting approvals for the Jabiluka Mill Alternative. In June 1999 the Federal Court rejected all but one of Yvonne Margarula's arguments in the case. The Court will hear this single application in early 2000 in respect of a decision made by the previous Resources Minister, Senator Parer.

ERA has put forward two milling options for the Jabiluka ore. They are:

The Ranger Mill Alternative (RMA) – where Jabiluka ore is transported by truck along a 22.5 km private access road to the existing Ranger mill for processing; and the Jabiluka Mill Alternative (JMA) – where Jabiluka ore is milled and processed on site in a stand-alone mill near the mine entrance.

Both options have been through extensive environmental approval processes and have received Commonwealth agreement.

ERA's preferred option is the RMA as it will have the least environmental and social impact in the region. However, to proceed with this option, the Company must reach agreement with local Traditional Owners so that it can build the 22.5 km access road between Jabiluka and Ranger and process the ore through the Ranger mill.

The RMA makes environmental sense, as it uses existing facilities and eliminates the need for two mills to operate in the Kakadu region. ERA has agreed to limit Jabiluka operations until Ranger ore is exhausted. The RMA would easily incorporate sequential development.

Environmental benefits of the RMA

- Use of existing infrastructure at Ranger allowing considerable reduction in the scale, complexity and environmental impact of the Jabiluka mine
- Minimal surface facilities
- Out of sight of tourist roads
- Significantly less land area required – 75.5 ha compared to 135 ha for the JMA.

Tailings management

- No tailings dam required at Jabiluka
- All tailings to be permanently stored in the mined-out Ranger Pit #1 and later in the mined-out Ranger #3 pit. These pits are sufficient to hold all tailings from both Ranger and Jabiluka operations
- Ranger #1 and #3 to be specially treated to ensure the integrity of the tailings.

Water management

- Total containment of water exposed to ore
- 12.5 ha catchment area
- Excess water disposed of by evaporation.

Economic benefits of RMA

- \$210 million in royalties and other payments to Aboriginal community throughout life of Jabiluka mine
- Net value of the mine to the national economy is estimated to be \$3.8 billion
- Approximately 87 per cent of all revenue will be distributed in Australia.

Ore production rates

- Production at Jabiluka will be phased in as production from Ranger is scaled down to ensure two mines in the region will not be in full production at the same time. Full scale production from Jabiluka will be reached in around 2009.

Cultural and heritage management

- Sacred, art, occupation and other sites identified and protected
- No site within the operations area
- Nearest site one kilometre from operation
- Sequential mining ensures no increase in the number of non-Aboriginal ERA employees in the region.

ACID PLANT UPGRADE

An upgrade of the acid plant was successfully completed well under budget. As well as replacing a number of items of plant which had exceeded their design lives, the opportunity was taken to expand plant capacity from 185 to 250 tonnes of acid per day.

RANGER STRATEGIC STUDY AND RESOURCE REVIEW

Due to changing economic circumstances and to reflect reduced operating costs and a revised cut-off grade, a Ranger #3 Strategic Study was initiated in early 1999 to produce a preferred pit design based on current constraints and conditions.

On completion of the Review, work commenced on the optimisation of the Ranger #3 pit design. The study found that the best economic pit size is larger than the current planned Stage 4 Pit. However, further work on increased waste stockpile volumes and water management impacts is ongoing, and could affect the final pit size.

COMPUTER SYSTEM UPGRADE

ERA replaced its in-house developed "Ranger" system with Mincom's Information Management System Open Enterprise in mid-October 1998, following a 12-month implementation program.

This was the first of a two-stage project with a budget of \$3.9 million. The first stage involved replacing the previous non-Year 2000 compliant system while enhancing report writing and improving business processes.

Stage 2 of the project in 2000–01 will link the business system to mining fleet monitoring and mill process control

systems. It is envisaged that the system will ultimately manage the optimisation between the mine and mill production.

YEAR 2000 PROJECT *

Work to counteract exposure to the Year 2000 problem commenced within ERA in the second half of 1997.

For ERA, the concept of Year 2000 readiness embodies repair or replacement of non-compliant computer or production systems, software or equipment where their importance justifies the expense. In other cases it encompasses establishing action plans or contingency plans with the objective of reducing other risks to low levels, so that any Year 2000-related failure would not have a material effect on the Company. ERA has also undertaken work to assess the readiness of its major business partners and has prepared contingency plans, where appropriate, to ensure that its supplies of goods and services are not significantly exposed to risks in entities which it does not manage.

ERA's Year 2000 Project had the objective of being substantially ready for the Year 2000, by 30 June 1999.

This has been achieved with only the replacement of certain systems to interface with the Mincom Information Management System running into the third quarter of 1999. ERA's overall assessment is that the Company achieved at least 95 per cent readiness at 30 June 1999. It is the Company's expectation that by 30 September 1999 this figure will have reached at least 98 per cent with only refinement of contingency plans and activities for the year-end transition still outstanding. Current expectations are that the cost of the program (excluding the new information system) will be \$0.6 million.

Because of the diversity and intricacy of the project it is considered unlikely that ERA would ever claim 100 per cent readiness. Nonetheless, the Company is confident that all major risks have been adequately addressed and the level of exposure has been reduced to acceptable low levels.

* This statement is a Year 2000 disclosure statement for the purposes of the Year 2000 Information Disclosure Act 1999. A person may be protected by that Act from liability for this statement in certain circumstances.



Ray Korljan (left) and Bradley Alderson, discuss the new sulfur burner and waste heat boiler at Ranger Mine.

1999 HIGHLIGHTS

- Continued cost improvements for mine operations
- Process improvements leading to a decrease in consumption of key materials
- Acid plant expansion completed

2000 OBJECTIVES

- Reduce water inventory
- Optimise inventory levels of U_3O_8
- Further reduce unit cost of production

MINING

Total ore mined for the year was approximately 2.5 million tonnes. A higher than average wet season required extra Restricted Release Zone (RRZ) water to be stored in the bottom of the pit. The delay in removing this larger volume of water restricted ore mining in the later months of the year. This was partially offset by higher ore tonnes than predicted by the geological model from the area mined.

Ore feed to the crusher was in line with milling requirements. The increased direct feed of ore from the pit to the crusher (rather than double handling on the ore stockpile) has contributed to improved costs and efficiencies. Similarly, improvements in blasting practices, haul road maintenance and tyre life have substantially reduced costs.

The Ranger #3 mining fleet continued to perform well. The fleet performance still reflects the relatively young age of the equipment and with careful planning, ERA expects performance will continue at this benchmark.

The Ranger mining rate has been set to ensure the Ranger #3 Pit is fully mined out prior to it being required for tailings disposal in 2006.

PROCESSING

Mill production rates were revised down during the year to reflect current market conditions. Total U_3O_8 production was 4,375 tonnes (1998: 4,162 tonnes), which is lower than plant capacity.

Feed to the mill was 1.8 million tonnes of ore at an average grade of 0.267 per cent U_3O_8 . Of this, 30 per cent was direct feed from Ranger #3.

Recurrence of foaming in the plant's solvent extraction circuit occurred in November and December 1998, which resulted in reduced production. With the positive identification of the problem and its source, Ranger has implemented a number of operational practices to prevent this occurring again.

The completion of the plant automation project in July 1998 has provided considerable benefit. A number of process

improvements have been implemented and have resulted in a significant decrease in consumption of key materials and an improvement in uranium recovery.

PRODUCT PACKING

During the year, the product packing and handling system was substantially upgraded to provide fully automated operation of drum filling, weighing, sampling, sealing and washing processes. When complete, these improvements will further reduce radiation exposure for workers operating the packing system and will provide an ergonomically better work environment.

WATER AND TAILINGS MANAGEMENT

The dredging and transfer of one million cubic metres of tailings from the tailings dam to the Ranger #1 Pit was successfully completed early in 1999 to provide additional water storage capacity in the tailings dam.

The volume of water in the process system (tailings dam and Pit #1 tailings repository) increased over the year due to the higher than average rainfall, and the lower than planned evaporation rate of water.

ERA is currently considering the use of active water disposal methods to reduce this excess inventory over the coming dry season. It is recognised that this excess inventory will not be reduced to optimal levels in the short term and provisions have been made in future years' capital budgets for funds to address this issue.

ORE RESERVES

As noted in the Development section, early in 1999 ERA initiated a review of the Ranger #3 resource. This study confirmed the viability of mining Stage 4 of Ranger #3. The previous mine design indicated the economic limit of mining was only to Stage 3.

As a consequence, remaining mine reserves at Ranger #3 were revised to 17.1 million tonnes at a grade of 0.29 per cent U_3O_8 containing 49,546 tonnes U_3O_8 . Upon completion of the Ranger Strategic Study, the ore reserves may be further revised.

Table 5: **MINING**

	million tonnes				
Year ended 30 June	1999	1998	1997	1996	1995
Ore mined, cut-off grade 0.12% U_3O_8					
to process plant	0.522	0.100	–	–	–
to stockpile	1.974	2.210	0.709	–	0.841
total ore mined	2.496	2.310	0.709	–	0.841
Low grade mineralisation	4.158	4.141	2.772	–	1.324
Waste rock	1.185	1.730	1.849	–	0.404
Total tonnes mined	7.839	8.181	5.330	–	2.569

Table 6: **MILLING**

Year ended 30 June	1999	1998	1997	1996	1995
Ore milled, million tonnes					
from mine	0.522	0.100	–	–	–
from stockpile	1.305	1.743	1.571	1.201	0.578
total ore milled	1.827	1.843	1.571	1.201	0.578
Mill head grade, per cent U_3O_8	0.267	0.269	0.311	0.349	0.345
Milling rate, tonnes per hour	280.0	241.0	196.0	186.4	173.1
Mill recovery, per cent	91.04	86.77	85.51	85.11	82.90
Total production, tonnes U_3O_8 drummed	4,374.9	4,161.9	4,236.9	3,453.3	1,548.2
Product grade, per cent U_3O_8	98.9	98.73	98.71	99.19	98.70

Table 7: **ORE RESERVES**

at 30 June	1999			1998		
	Ore million tonnes	Grade per cent U_3O_8	Contained U_3O_8 tonnes	Ore million tonnes	Grade per cent U_3O_8	Contained U_3O_8 tonnes
Stockpile						
Stockpile	6.3	0.22	14,107	5.5	0.23	12,500
Ranger #3						
Proved and probable in pit 0.12% cut-off grade	14.6	0.29	41,959	16.3	0.29	47,200
Ranger #3 additional stage 4	2.5	0.30	7,587	–	–	–
Total Ranger #3 insitu reserves	17.1	0.29	49,546	16.3	0.29	47,200
Jabiluka						
Proved and probable 0.2% cut-off grade	19.5	0.46	90,400	19.5	0.46	90,400

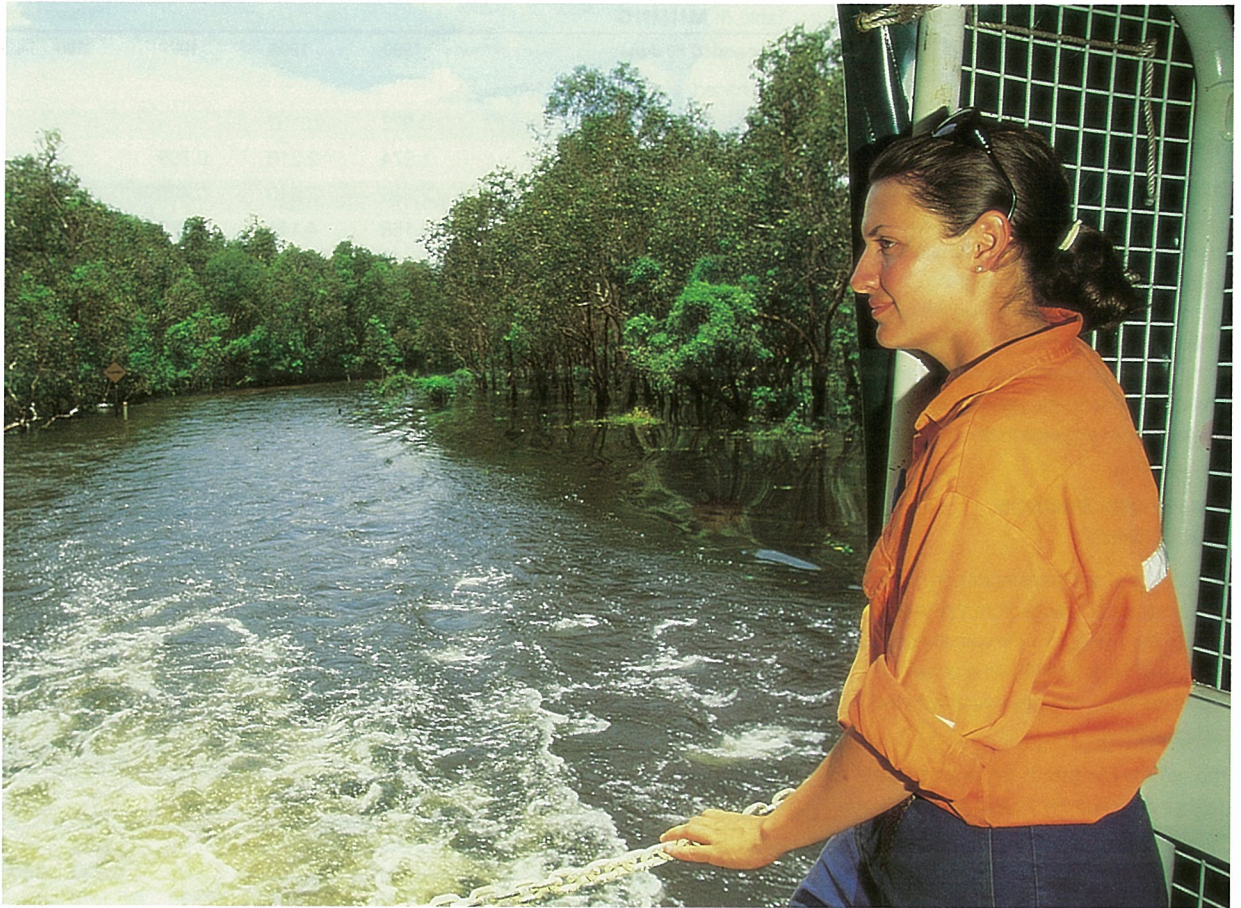
Note: The ore reserves have been compiled by A. Browne (Ranger stockpile and Ranger #3) and B Tulloch (Jabiluka). Both are Competent Persons as defined in Appendix 5A of the ASX Listing Rules and this report accurately reflects the information compiled by them.

Stockpile reserves are 6.3 million tonnes at 0.22 per cent U_3O_8 containing 14,107 tonnes U_3O_8 .

Reserves at Jabiluka remain unchanged from last year as no further exploratory drilling was undertaken. With access to the

Jabiluka orebody completed, ERA intends to undertake drilling in the upper portion of the orebody to confirm the existing geological interpretation. Results of this work will be used in detailed mine planning during the next 12 months.

employees



Environmental officer Renee Doyle looks from the back of a truck used to carry personnel across the flooded Magela Creek during the wet season.

1999 HIGHLIGHTS

- Ranger was awarded the highest Safety and Health rating by the National Safety Council of Australia
- Development of ERA vision and values in consultation with employees
- Introduction of a supervisors' training program
- Increase in number of employees signing on to Australian Workplace Agreements
- Aboriginal employment now 15 per cent of Ranger workforce

2000 OBJECTIVES

- Continue to improve employment and training opportunities for local Aboriginal people
- Continue ERA vision and values program
- Maintain Five-Star Safety and Health rating

AUSTRALIAN WORKPLACE AGREEMENTS

Transition to the new Australian Workplace Agreements (AWA) took place throughout the year as employees recognised the benefits of the AWA. As at 30 June 1999, 57 employees were covered by AWA (1998: 33 employees). The year was dispute free, with no days lost due to industrial action. Ranger has now operated for eight years without lost time due to industrial action.

Ranger employee turnover for the year was 19 per cent (1998: 16 per cent), with a total Ranger workforce of 240 employees at 30 June 1999.

ERA VISION AND VALUES

During the year, North Limited – ERA's major shareholder – launched the "North

Way" of doing business. The North Way has been developed to identify the key drivers that contribute to making North a successful mining company.

The North Way of doing business is a global concept of "working to win" based on four principles:

- Potential of people
- Power of the team
- Value of resources
- Relationships with customers.

The North Way has been successfully implemented across ERA through a series of workshops involving all employees. This initiative stimulated the creation of an ERA vision and set of values.

ERA's vision is "achieving success above all challenges". Its core values are a "high level of trust" and "open and honest communication". All employees have been involved in the process and the vision and values have been agreed as the manner in which all employees are expected to act.

ABORIGINAL EMPLOYMENT

Providing meaningful employment opportunities to Aboriginal people, particularly those who live in the local area, is part of ERA's Aboriginal employment commitment.

ERA has made employment commitments for local Aborigines in agreements with Traditional Owners for both Ranger and Jabiluka. The number of Aboriginal people employed by the Company at 30 June 1999 was 36, or 15 per cent of the workforce.

Aboriginal people are encouraged to apply for all vacant positions at Ranger and Jabiluka. Subject to operational requirements, vacant positions are only filled by non-Aboriginal people if it is determined that suitable local Aboriginal people cannot be recruited to positions. At this time, local Aboriginal people are denied access to work at Jabiluka by the expressed wishes of the Gundjehmi Aboriginal Corporation.

TRAINING

ERA introduced a training program for frontline supervisors during the year. To date, 90 per cent of supervisors have been through the program. The primary focus of the program is to develop effective people management skills, which are consistent with the Company's visions and values and the North Way, such as performance management training, conflict resolution and making sense of business decisions. The Company believes that developing supervisory skills is crucial, as supervisors are the key link to "achieving success above all challenges" – ERA's vision.

SAFETY AND HEALTH

Australia's top independent safety auditor, the National Safety Council of Australia (NSCA) awarded its highest safety and health rating, the Five Star Award, to ERA's Ranger mine.

The award indicates an exceptionally high level of achievement and places the Ranger mine within the top 5 per cent of industry occupational health and safety performances.

Ranger's lost-time injury frequency rate for the period was five compared to the latest national mining industry rate of 11, which illustrates the very high standard the site has achieved.

RADIATION LEVELS

The objective of ERA Ranger's radiation management and monitoring program is to ensure its workforce, members of the public and the environment are not exposed to unacceptable levels of ionising radiation.

The Company uses the limits recommended by the International Commission on Radiological Protection (ICRP) when monitoring radiation exposure. The ICRP recommends limits of 100 millisieverts (mSv) over five years (average 20 mSv per year) or a maximum of 50 mSv in any one year.

Once again, the 1998 calendar year saw no individual exposed to unacceptable levels. In particular:

- The average effective dose for designated (working in mine or mill) employees was 3.2 mSv (1997: 3.8 mSv)
- The effective dose for non-designated (working in offices, workshop, stores) employees was 1.4 mSv (1997: 1.3 mSv).

These values are well below the ICRP standard of 20 mSv per year.

For members of the public, specifically those living in Jabiru, the effective dose was determined at 0.03 mSv (1998: 0.05 mSv). The ICRP recommends doses can be no higher than 1 mSv above background, which naturally occur around the Kakadu region at levels of 2–3 mSv.

The high standard of radiation safety is achieved by appropriate engineering design, operating procedures and continuous training.

AVERAGE ANNUAL RADIATION DOSES AT RANGER



community



Miwa Kamata of Japan & Trine Jenson of Denmark (ATCV volunteers) and Gerald Franey (CDEP) carrying trays of eucalypts to be planted at Ranger.

The Company continued its participation in a number of community events including the 1998 Northern Territory Expo held in Darwin, the Jabiru Wind Festival and the Gunbalanya Open Day.

NEGOTIATIONS

The Northern Land Council (NLC) represents the Traditional Owners in negotiations with ERA. There are three groups of Traditional Owners with overlapping interests in the Ranger and Jabiluka areas.

The Mirrar clan are recognised by the NLC as the owners of the Jabiluka and Ranger land and are represented by the Gundjehmi Aboriginal Corporation with 27 members. The Gagudju Association has approximately 300 members and the Djabulukgu Association has approximately 90 members. The Mirrar clan belong to all three groups.

During the year, the Company held talks with the NLC, the most notable being the negotiations to continue operations at Ranger for 21 years from January 2000. During the negotiations, which included Commonwealth Government representatives, the Ranger Section 44

Aboriginal Agreement was extended. Subsequently, the Commonwealth Minister for Industry, Science and Resources renewed the operating authority effective 9 January 2000. Although the term of the lease is assured, the NLC and Traditional Owners have reserved the right to renegotiate the environmental and financial terms of the lease at a later date.

Representatives of ERA and the Aboriginal Associations in the region met on a regular basis to discuss a variety of issues, including environmental, social, cultural, direct and indirect employment opportunities. ERA has developed an interim cultural heritage management plan covering the Jabiluka lease area.

ERA remains totally committed to the preservation and protection of Aboriginal sacred sites and sites of significance. The Boiwek site is currently subject to an inquiry by the Commonwealth. ERA believes current construction operations and future mining operations will not have any detrimental impact on the site.

ERA believes it is possible to address concerns held by the Mirrar and other

1999 HIGHLIGHTS

- Increased level of Aboriginal employment
- Expansion of the mentoring program for Aboriginal employees
- Continued good relations with wider Aboriginal community

2000 OBJECTIVES

- Maintain and improve level of Aboriginal employment
- Progress Jabiluka negotiations

Aboriginal people on the issue of the Ranger Mill Alternative.

ROYALTIES

With the commencement of construction of the Jabiluka mine in June 1998, payments totalling \$3.75 million have been paid by ERA for use of Jabiluka land.

The majority of the funds have yet to be distributed by the NLC following instruction from the Gundjehmi Aboriginal Corporation which has expressed concerns with the tying of funding to the development of Jabiluka.

Royalty type payments from Ranger for the year to Aboriginal interests were \$7.2 million.

ABORIGINAL EMPLOYMENT STRATEGY

ERA's Aboriginal Employment Strategy has resulted in the number of Aboriginal employees increasing to 15 per cent of the Ranger workforce. Aboriginal employment increased over the first six months of 1999 and has remained stable. This has been attributed to a number of initiatives, including:

- The success of ERA's mentoring program which provides support for Aboriginal employees at the workplace
- The extension of the mentoring program to provide support for Aboriginal employees in their social and living environment
- The appointment of an Aboriginal Employment Coordinator, who is in regular and close contact with all Aboriginal employees at Ranger
- The Community Development Employment Program (CDEP), which offers skills training
- Cross-cultural training for all ERA employees.

Aboriginal employees have participated in all areas of the Company's operations including the mine, mill, stores, administration, finance, community development and the environment. This same approach will be adopted at Jabiluka, where ERA is committed to providing Aboriginal people with employment opportunities.

CONTRACTS FOR ABORIGINAL BUSINESSES

ERA also promotes employment opportunities through indirect employment and small business development. The Company contracts Aboriginal businesses in a variety of areas, including rehabilitation and civil works.

Increasing Aboriginal participation in the general community/workforce will remain a focus for ERA in the years ahead.

KAKADU REGION SOCIAL IMPACT STUDY

ERA continues to support the implementation of recommendations stemming from the Kakadu Region Social Impact Study (KRSIS). The 1997 Study, co-funded by ERA, examined the impact of development on the social and cultural lives of the Aboriginal people in the region.

A number of recommendations were made and have been agreed to by ERA at the KRSIS Working Group. They include:

- Employment and training opportunities for local Aboriginal people

- Provision of new housing for Aboriginal families throughout the region
- Assistance for Aboriginal businesses
- Funding for the Family Resource Centre
- Bridging education unit for Aboriginal children.

In addition, funding was recently approved by the KRSIS Working Group for \$3.25 million to be spent on water and sewage services at outstations in the northern Kakadu area. The upgrading is due to commence in August 1999.

SPONSORSHIP

ERA continues to provide Aboriginal groups with assistance and sponsorship. This includes: the provision of a night patrol vehicle for outstations; support for the Duke of Edinburgh Award scheme for

local Aboriginal students; sponsorship of the Nabarlek Band tour of the Northern Territory; and funding to a number of local youths to represent the Northern Territory in various sporting activities.

ERA has also made available funding to Aboriginal groups through the mechanisms described in the Jabiluka and Ranger agreements.

Various other community groups have benefited from ERA's support including sporting clubs and Jabiru Area School.

ERA completed its \$500,000 sponsorship of the Ranger Chair in Aboriginal Studies at the Northern Territory University.

Table 8: **VALUE ADDED** \$ million

YEAR ENDED 30 JUNE	1999	1998	1997	1996	1995
Value Added					
Sales & other revenue	174.5	201.5	239.9	188.6	149.3
Less cost of materials & services	51.0	79.0	101.1	69.6	75.5
Total Value Added (Wealth created by ERA)	123.5	122.5	138.8	119.0	73.8
Distribution of Created Wealth					
Employees' salary & wages	13.8	11.6	9.7	8.6	7.5
Government					
company income tax	21.3	20.9	31.1	17.8	23.1
environmental research contribution	1.6	1.6	1.5	1.5	1.6
personal income tax	5.9	5.3	4.5	3.6	2.9
royalties (Aboriginals Benefit Trust Account and NLC)	7.2	8.6	7.1	6.1	4.0
royalties (NT Government)	2.1	2.5	2.0	1.7	1.1
other taxes and payments	3.5	3.4	2.8	2.5	2.2
total	41.6	42.3	49.0	33.2	34.9
Interest to lenders (net)	2.7	1.2	2.2	2.3	2.6
Dividends	26.7	26.7	26.7	26.7	217.4*
Reinvested in the business					
depreciation and amortisation**	43.5	40.7	37.4	34.2	16.4
retained profit from operations	(4.8)	0.0	13.8	14.0	(205.0)
total	38.7	40.7	51.2	48.2	(188.6)
Total Value Distributed	123.5	122.5	138.8	119.0	73.8

* 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.

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



Jarrad Mitchell and Kylie Waterson take downstream water samples at Djalkmara billabong.

1999 HIGHLIGHTS

- Ranger continued its high standard of operating without detriment to the surrounding environment and the world heritage values of Kakadu National Park
- Ranger operated a best practice water management system without impact on the surrounding environment – despite another year of higher than average rainfall
- Operation of the site tailings management system met all of the requirements of statutory authorities
- Successful rehabilitation of more than five hectares of capped very low-grade stockpiles

2000 OBJECTIVES

- Maintain record of operating without detriment to the surrounding environment and the world heritage values of Kakadu National Park
- Finalise final landform parameters
- Finalise implementation of the site Environmental, Safety and Health Management System

WATER MANAGEMENT

Rainfall for the wet season was 1,891 mm, 28 per cent above the average of 1,483 mm. As a result, the water inventory is high, however, the water management system of wetland filtration, evaporation and forest irrigation has the capacity to manage the excess non-process water over the dry season. ERA has introduced enhanced evaporation methods to reduce the excess process water inventory and is investigating other active water disposal methods.

TAILINGS MANAGEMENT

The Tailings Dam continued to meet the requirements laid down in the Authorisation to operate.

During the year, 951,838 tonnes of tailings were pumped from the Tailings Dam to Pit #1 and 1,908,481 tonnes were deposited directly from the mill.

Tailings density behaved as expected with average settled density trending downward while dredging of tailings from the tailings dam to Pit #1 was in progress. Tailings are now being deposited only from the mill, and the average dry settled density of the tailings complies with the statutory requirements.

ENVIRONMENTAL PERFORMANCE

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 departure from strict compliance with statutory requirements, even if this incident has no detrimental environmental impact.

During the year, there were three technical infringements reported by ERA at Ranger and three at Jabiluka. The Authorities have concluded all infringements were minor, with no evidence of detriment to the environment.

RANGER

- July 1998 – a centrifuge conveyor was sent to Sydney for repairs. Prior to dispatch, the conveyor was decontaminated. However, subsequent dismantling of the

conveyor bearings found approximately 10 grams of uranium diuranate coated on the inside of the bearing casing. The uranium was removed and returned to Ranger for disposal with no environmental or safety impact

- 24 September 1998 – an estimated 0.2 cubic metres of tailings material escaped from a small truck involved in carting some tailings-contaminated earth from the mill area to Pit #1 for disposal. The spill was cleaned up with no environmental impact
- 16 November 1998 – a small amount of water from a sump escaped through a bypassing valve into a borrow pit adjacent to the RP1 wetland filter. The valve has been modified to prevent recurrence. No detriment to the environment occurred.

JABILUKA

- June 1998 – ERA was unable to collect weekly water samples from Swift Creek during June 1998 owing to delays in the reissue of access permits by the NLC. ERA recommenced monitoring following the reissue of the permits. No detrimental environmental impact occurred
- September 1998 – ground vibration and air blast overpressure were not monitored for the first nine portal development blasts because of delays by the NLC in the approval of permanent locations and access permission. Subsequent monitoring demonstrated that the limits would not have been exceeded
- December 1998 – owing to problems with the blast monitors' solar panels, both blast monitors failed to record for a period of eight days. In this time, nine blasts were not recorded. All blasts prior to and after this period did not exceed the prescribed blasting limits and the blast pattern for the non recording period remained the same as was used prior to and after the non recording period.

ENVIRONMENTAL RESEARCH

ERA spent more than \$3.5 million on environmental Research and Development (R&D) at Ranger and Jabiluka in 1998–99.

A substantial number (23) of projects related to environmental baseline investigations at Jabiluka. These were carried out in order to fulfil the requirements set down by Commonwealth Ministers as part of the Commonwealth Government approvals for the Jabiluka Environmental Impact Statement and the Public Environment Report for the Jabiluka Mill Alternative. Nineteen projects were undertaken as part of the Ranger Mine R&D Program which focussed on developing cost-effective strategies for decommissioning and rehabilitation of the mine.

As in past years, many R&D projects were carried out in collaboration with staff in Australia's premier government research agencies (CSIRO, ANSTO, ERISS) as well as specialist university departments and private consultants.

Other research effort has been directed towards investigations that solve operational issues at Ranger or to enhance environmental management capability.

The annual Research Workshop was held in December 1998 in Darwin over three days, including a field visit to Jabiluka and Ranger. This provided the opportunity for peer review and discussion of the R&D investigations at Ranger by staff from research organisations, other mining companies and regulatory agencies.

ENVIRONMENTAL SERVICES

ERA Environmental Services Pty Ltd (ERAES), a wholly owned subsidiary of ERA, is a small, specialist environmental consulting business with 21 employees. The Company is based in Darwin and operates on the basis of full cost recovery from project operations. ERAES is a Registered Research Agency.

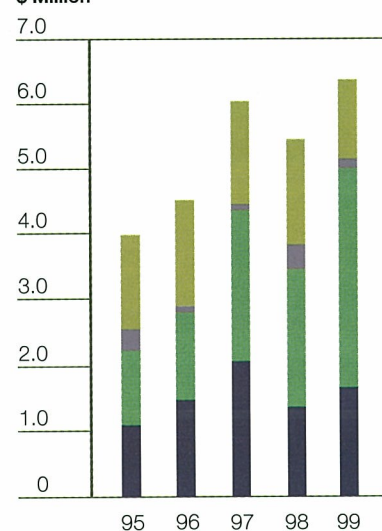
ERAES consulted extensively to ERA during 1998–99, primarily on environmental baseline investigations at Jabiluka Mine, the Ranger Mine R&D Program, and on various operational investigations. ERAES also contracted

environmental services to North Limited business units and selected external clients. Revenue for the year was \$3.3 million, of which \$0.5 million was from external projects.

Fire-bombing of ERAES' Darwin offices in September 1998 caused significant damage and disruption to ERAES' operations.

ENVIRONMENTAL EXPENDITURE AT RANGER

\$ Million

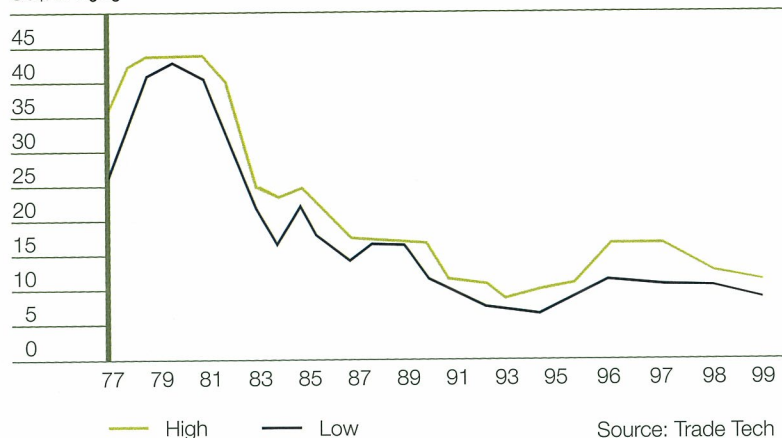


- Environmental research contribution
- Capital expenditure
- Operating expenditure *
- Research and development

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

NUEXCO EXCHANGE VALUE

US\$/lb U₃O₈



Source: Trade Tech

RANGER SALES

Sales of U₃O₈ from Ranger were lower for the year, following record sales in 1997–98. Ranger origin sales totalled 4,006 tonnes U₃O₈ compared to 4,635 tonnes U₃O₈ for the previous year. The reduced sales resulted from utility customers choosing to exercise minus tonnage flexibilities contained in existing contracts.

There were no third-party sales during the year (1998: 293 tonnes U₃O₈).

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.

SUPPLY SOURCES

Continuing the trend of the current decade, just 60 per cent of the western world's uranium requirements were met by primary uranium production. The remainder was supplied by secondary sources including Russian and US Government uranium inventories, de-enriched Russian highly enriched uranium (weapons grade), re-enrichment of depleted uranium and mixed oxide fuels/reprocessed uranium.

As a consequence, the market for primary uranium production has been

constrained and, during the year, several producers announced plans for either a cessation of production or production cutbacks. This constraint in western production is likely to continue until excess inventories held by power utility customers are reduced to manageable levels.

SPOT MARKET

The spot price for U₃O₈ fluctuated during the year, falling to a low of US\$8.75 per pound U₃O₈. As at 30 June 1999 the spot price had recovered to US\$10.40 per pound U₃O₈ (1998: US\$10.75 per pound U₃O₈).

Spot market volume for the first six months of calendar 1999 was over 6,000 tonnes U₃O₈ compared to total spot market volume in calendar year 1998 of 4,350 tonnes U₃O₈. Despite the significant increase in market activity, some sellers are still prepared to lock in sales at the current market prices.

ERA believes the price will recover in the near future as United States utilities re-enter the market to purchase uranium concentrate for their uncovered requirements from 2000/2001.

While ERA sells only under long-term contracts, the spot price does impact on the Company because a portion of pricing mechanisms under long-term contract reference the spot price at the time of delivery.

NEW CONTRACTS

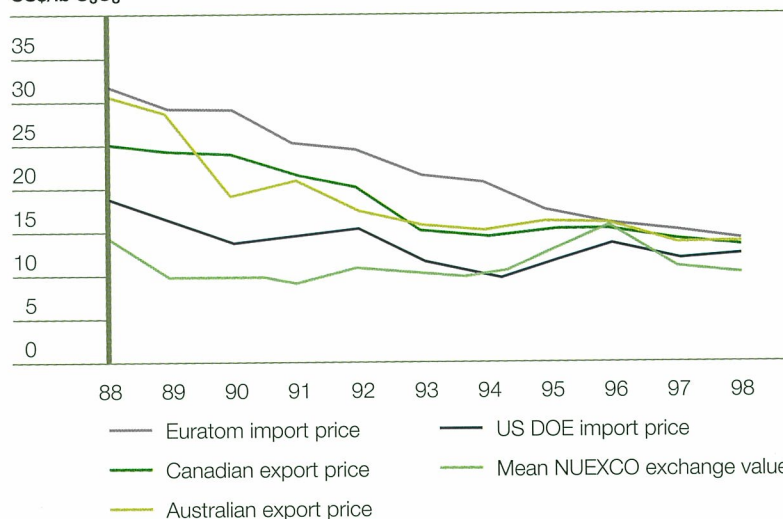
Two contracts with a US utility, one contract with a Scandinavian utility and one contract with a Japanese utility were signed during the year.

ERA has contracts with utilities which allow the supply of concentrate sourced from Jabiluka.

ERA's forward contract portfolio now stands at 25,000 tonnes U₃O₈ over the next ten years providing a strong base for the Ranger operation and the development of Jabiluka.

MARKET PRICES

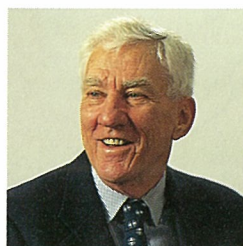
US\$/lb U₃O₈



directors' outlook



Malcolm Broomhead
Chairman



Tom Barlow



Alex Carmichael

Aboriginal approval for ERA's preferred option for Jabiluka remains the Company's primary objective for the next year.

In the past year, ERA has secured all government approvals for Jabiluka and has progressed the mine with the completion of all surface facilities and the decline access to the orebody.

The Company will now continue negotiations with the Northern Land Council (NLC) for permission to mill Jabiluka ore at Ranger rather than constructing a new mill and tailings facilities at Jabiluka. To this end, the Company has created a special team to progress these negotiations.

The milling of Jabiluka ore at Ranger (the RMA) has always been ERA's preferred option since acquisition in 1991. The RMA is recognised as offering the opportunity for better environmental, social and economic outcomes. However, the Company still reserves the right to develop the Jabiluka Mill Alternative (JMA) should it be forced to by the Traditional Owners continuing to oppose the RMA. Regardless of which option is finally adopted, ERA will honour its commitment to phase in Jabiluka production as production of Ranger material is phased out.

The development of Jabiluka will ensure ERA's long-term future as an efficient low-cost producer of uranium to the world's nuclear electricity utilities.

Although ERA has had reduced sales in the past year, the medium to longer term augurs well.

For the past decade, the market for primary uranium production has been constrained, with about 40 per cent of the western world's requirement for uranium being met by secondary sources, such as surplus inventory held by power stations and disposal of highly enriched Russian uranium.

This constraint in western production is likely to continue until excess inventories held by industry participants are reduced to manageable levels, expected in the medium to longer-term. Demand for production is expected to improve by 2001 as inventories are depleted and existing contracts held by US and European utilities come up for renewal.

Better long-term market certainty and stability is also expected to flow from the signing of the commercial agreement for the orderly disposal of the excess Russian highly enriched uranium (HEU) between three North American/European uranium enterprises and the Russian Federation Ministry of Atomic Energy on 24 March 1999.

The agreement is for the marketing of uranium diluted from Russian nuclear weapons for use as fuel in nuclear electricity stations and provides for stockpiling the uranium for up to 10 years or until it can be sold without disrupting the market.

In the immediate future, ERA will maintain production from Ranger at approximately 4,000 tonnes U_3O_8 per year. This rate is generally in line with minimum contracted tonnages.

ERA has the capacity to quickly increase Ranger production to between 5,500 and 6,000 tonnes U_3O_8 per year when market conditions improve.

ASIAN MARKET

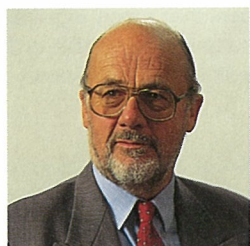
During 1998 there was general business concern in Australia about the impact of the Asian economic crisis.

Sales of ERA uranium to Asia remained strong during the year reflecting the fact that electricity from nuclear reactors is considered base load.

Recent indications are that business confidence is returning as the Asian economies recover from the crisis. This provides renewed optimism for the future economic development of this region and the continued development of nuclear plants to power the expanding economies.



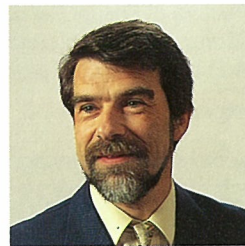
Robert Cleary
Chief Executive



Brian Hickman



Timothy Knott



Didier Panthout



Masuo Shibata

Asia is still the largest growth area for nuclear power capacity with 15 reactors currently under construction and plans for 50 new nuclear power stations. Many countries like Japan are also committed to expanding nuclear power as a way of meeting the greenhouse gas reductions following the Kyoto conference.

SUPPLY AND DEMAND

Western world production of uranium in calendar year 1998 was 40,000 tonnes U_3O_8 , a decrease of 5 per cent over 1997 production of 42,000 tonnes U_3O_8 . Production in 1999 is expected to reduce substantially following the announcement in late 1998 of major production cutbacks by world producers.

In Canada, Cameco announced cutbacks in production of 4,500 tonnes U_3O_8 per year, while COGEMA announced the closure of its Cluff Lake operations from 2000. Several smaller producers in the US also announced the closure of their mines.

ERA responded to the market conditions by reducing production to 4,000 tonnes U_3O_8 per year in January 1999.

With only 60 per cent of the western world's uranium requirements being met from mine production in 1998, the

balance was made up from surplus inventory. This surplus inventory comprises excess utility inventory, disposal of highly enriched uranium (uranium processed down from weapons grade material), and the excess US Government inventory made available with the privatisation of the United States Enrichment Corporation (USEC) in 1998.

ERA's supply and demand analysis assumes the continued workdown of these inventories over the next ten years. The analysis confirms the need for new supply from ERA and the new Canadian mines to meet future demand requirements.

Reactor requirements for uranium are not expected to grow significantly in the near term as new generating capacity is brought on-line to replace older capacity. The Uranium Institute forecasts growth in nuclear generating capacity will increase by 1 per cent per year over the next 20 years.

In Germany and Sweden there is political pressure to close existing nuclear power plants. However, the economic reality of such closure means that in practical terms, any phase-out will probably occur over a 20–30 year timeframe.

In the US and the UK, deregulation of the electricity generating market has resulted in improved operating performance at many plants as the operators seek to achieve higher capacity factors.

The reduced unit generating costs as a result of the increased capacity factors will ensure the survival of these plants in the deregulated market.

The improved performance has also given some utilities the confidence to purchase under-performing plants from other utilities. With increased economies of scale and shared operating experience, many of these plants are expected to return to a competitive position.

The commitments to reduced greenhouse gases, as 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.

directors' report

FOR THE YEAR ENDED 30 JUNE 1999

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the financial report of the Company and the consolidated financial report of the consolidated entity being the Company and its controlled entities, for the year ended 30 June 1999 and the auditors' report thereon.

DIRECTORS

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

NAME AND QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr M W Broomhead BE, MBA, C Eng Chairman	46	Was appointed to the ERA Board in January 1992, as Deputy Chairman in February 1994 and as Chairman in January 1999. Mr Broomhead is Managing Director of North Limited.
Mr T Barlow BE(Hons) Director	70	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.
Mr A Carmichael AO, CBE BSc Director	62	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 Pricewaterhouse Partnership.
Mr R A Cleary BSc(Tech) Chem Eng Chief Executive	55	Was appointed Chief Executive and a Director of ERA in July 1999. Mr Cleary previously held the positions of Deputy Chief Executive and General Manager Operations.
Dr B S Hickman BSc, MSc, DSc, FAusIMM, FTSE Director	66	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.
Mr T J Knott LLB, FCIS, FCIM Director	54	Was appointed to the ERA Board in January 1999. Mr Knott is currently Executive Director, Finance of North Limited and a Director of Iron Ore Company of Canada, Robe River Iron Associates and Zinkgruvan Mining AB.
Mr D Panthout Director	44	Was appointed as an Alternate Director to the ERA Board in January 1996 and as Director in October 1998 at the nomination of the B Class shareholders. Mr Panthout, a business administration graduate, is Regional Manager – Central Asia and Australia at the Cogema Mining Division. He was formerly Managing Director of Cogema Australia Pty Ltd.
Mr M Shibata Director	69	Was appointed to the ERA Board in February 1991 at the nomination of the C Class shareholders. Mr Shibata is President of Japan Australia Uranium Resources Development Co Ltd (JAURD) and also President of Japan Indonesia LNG Co Ltd (JILCO).
Mr C McC Anderson BEc	57	Was appointed Chairman of ERA in January 1994 and retired as Director and Chairman in December 1998. He was previously Managing Director of North Limited and Managing Director and Chief Executive of Renison Goldfields Consolidated Limited.
Dr P Kausch	60	Was appointed to the ERA Board in October 1996 at the nomination of the B Class shareholders and resigned in October 1998. Dr Kausch, a mining engineer, is Senior Vice-President Business Development Division of Rheinbraun and Chairman of Rheinbraun Australia Pty Limited.
Mr P J Shirvington MSc	58	Was appointed Chief Executive and a Director of ERA in March 1994 and resigned from both positions in July 1999.

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

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

* Reflects the number of meetings held during the time the Director held office in the 1999 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.

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

DIRECTOR	ERA*	NORTH**
T Barlow	–	2,000
M Broomhead	–	11,000 307,500 Options
A Carmichael	–	13,705
D Panthout	11,620	–
B Hickman	1,000	1,000
T Knott	–	7,378 70,000 Options
R Cleary	–	13,000 shares 190,000 Options

KEY:

* ERA: Energy Resources of Australia Ltd – ordinary shares.

** North: North Limited – ordinary shares.

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

PRINCIPAL ACTIVITIES

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

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

DIVIDENDS

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

	\$000
In respect of the previous financial year:	
• As proposed and provided for in last year's financial report, paid on 23 September 1998 a final dividend of \$0.08 per share, franked to 100% with Class C (36%) franking credits	15,259
In respect of the current financial year:	
• An interim dividend of \$0.03 per share franked to 100% with Class C (36%) franking credits, was paid on 25 February 1999	5,722
• A final dividend of \$0.11 per share, franked to 100% with Class C (36%) franking credits was declared on 19 August 1999, payable on 22 September 1999	20,981
Total dividends provided for or paid in respect of the year ended 30 June 1999.	26,703

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.

directors' report CONTINUED

FOR THE YEAR ENDED 30 JUNE 1999

REVIEW AND RESULTS OF OPERATIONS

The operating profit after tax for the consolidated entity for the year ended 30 June 1999 was \$21.898 million (1998: \$26.732 million). Sales revenue for the year ended 30 June 1999 was \$172.930 million (1998: \$201.336 million).

A full review of the operations of the consolidated entity during the year ended 30 June 1999 and the results of those operations is shown in this Annual Report in the sections entitled Chairman and Chief Executive's Report, Finance, Development, Operations, Employees, Community, Environment, Marketing and Directors' Outlook (pages 2 to 19).

STATE OF AFFAIRS

Ranger sales levels decreased to 4,006.0 tonnes U_3O_8 (1998: 4,635.3 tonnes U_3O_8). The reduction in sales was a result of several existing customers exercising their option to reduce their purchases for the year. In addition to the Ranger sales in 1998 there were third party sales of 292.5 tonnes U_3O_8 (1999 total sales: 4,006.0 tonnes U_3O_8 ; 1998 total sales: 4,927.8 tonnes U_3O_8).

The average spot (market) price was US\$10.07 per pound U_3O_8 for the year compared to US\$11.23 per pound U_3O_8 in 1998. The spot price affects less than half of ERA's current revenue even though ERA sells primarily on the long term market.

Four 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.

Full year production increased to 4,374.9 tonnes U_3O_8 (1998: 4,161.9 tonnes U_3O_8). In the previous twelve month period the Ranger mill experienced chemical difficulties which caused a reduction in annualised production. For the period from July 1998 to December 1998 the mill ran at an annualised rate of 5,200 tonnes. Effective January 1999, the Company reduced production of its Ranger Mill to an annualised rate of 4,000 tonnes by temporarily shutting down the second ball mill until the market outlook improves.

The first stage of the Jabiluka mine development was completed on 4 July 1999 under budget and ahead of schedule. This stage included 1,870 metres of underground work, including a 1,150 metre long decline. At the bottom of the decline, level tunnels have been developed to access the orebody.

A core sampling process will be completed in September 1999 after which the development will enter a six to twelve month design phase encompassing additional mine planning and further environmental, safety and cultural studies.

Net debt decreased during the year to \$72.4 million at 30 June 1999 (1998: \$77.6 million).

Capital expenditure for the year increased to \$45.0 million (1998: \$26.3 million) mainly relating to costs associated with the development of Jabiluka, upgrading of the Ranger Mill acid plant and updating of the Company computer systems.

On 12 July 1999 the World Heritage Committee, by a majority of 20 to 1, confirmed that the Jabiluka Project would not cause Kakadu's world heritage status to be placed in danger. The Company agreed to phase Jabiluka into production as Ranger mine production is phased out. On this basis, limited ore processing is expected to commence from Jabiluka in 2001.

ENVIRONMENTAL REGULATION

The Directors are not aware of any significant environmental breaches during the period covered by this report. The Ranger operation has had no detrimental impact on the surrounding environment over its 19 years of operation.

ERA operates in accordance with relevant Federal and Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations.

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

During the year there were three technical infringements reported by ERA at Ranger and three at Jabiluka. The independent Authorities have concluded all infringements were minor, with no evidence of detriment to the environment.

Details of ERA's environmental performance are included in the Environment Section of the Annual Report (page 14-15).

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any item, transaction or event not otherwise referred to in this Annual Report that has arisen in the interval between the end of the financial year and the date of this report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

ROUNDING OF AMOUNTS

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

LIKELY DEVELOPMENTS

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

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

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

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' and senior executives' remuneration and benefits are set out in note 26.

SHARE OPTIONS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

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

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

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

T Barlow, M Broomhead, A Carmichael, R Cleary, D Panthout, B Hickman, T Knott, G Mallett, M Shibata (Alternates S Chida, T Yonezawa, K Takai, K Tsuzuku) and the following former Directors C McC Anderson, Y Hirono (Alternate for M Shibata), H Suzuki (Alternate for M Shibata), P Shirvington and P Kausch (Alternates D Panthout and J McKillop).

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 entities (including the Directors, Secretaries, and Executive Officers referred to above) against certain liabilities.

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

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

INFORMATION ON AUDITORS

KPMG continues in office.

Signed at Sydney this 19th day of August 1999 in accordance with a resolution of the Directors.



M W Broomhead

Director

19 August 1999

corporate governance statement

FOR THE YEAR ENDED 30 JUNE 1999

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

THE ROLE OF SHAREHOLDERS

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

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

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

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

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

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

SHAREHOLDERS AGREEMENT

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

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

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

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

BOARD COMPOSITION

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

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

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

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

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

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

The Board comprises eight Directors, details of which are set out on page 20 Messrs M Broomhead, T Barlow, A Carmichael and T Knott are Directors of ERA's 68.4 per cent parent Company, North Limited. Dr B Hickman is an independent director elected by shareholders.

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

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

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

BOARD APPRAISAL

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

BOARD MEETINGS

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

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

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

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

INDEPENDENT PROFESSIONAL ADVICE

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

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

REMUNERATION ARRANGEMENTS

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

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

AUDIT COMMITTEE

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

RISK MANAGEMENT

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

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

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

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

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

Internal Control Framework

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

ETHICAL STANDARDS

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

SALE/PURCHASE OF SHARES BY DIRECTORS AND EMPLOYEES

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

investors' information

FOR THE YEAR ENDED 30 JUNE 1999

ANNUAL GENERAL MEETING

The 1999 Annual General Meeting will be held at 10:00 am on 21 October 1999 at the All Seasons Premier Menzies Hotel, 14 Carrington Street, Sydney.

TYPES OF SHARES

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

TAX FILE NUMBERS

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

INFORMATION ON SHAREHOLDING

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

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

ERA Share Registry

C/- Computershare Registry Services Pty Ltd

Level 3

60 Carrington Street

SYDNEY NSW 2000

(GPO Box 7045, Sydney NSW 1115)

Telephone: (02) 8234 5000

Facsimile: (02) 8234 5050

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

New South Wales

C/- Computershare Registry Services Pty Ltd

Level 3

60 Carrington Street

SYDNEY NSW 2000

(GPO Box 7045, Sydney NSW 1115)

Telephone: (02) 8234 5000

Facsimile: (02) 8234 5050

Victoria

C/- Computershare Registry Services Pty Ltd

Level 12

565 Bourke Street

MELBOURNE VIC 3000

Telephone: (03) 9611 5711

Facsimile: (03) 9611 5710

Australian Capital Territory

C/- Ernst & Young

54 Marcus Clarke Street

CANBERRA ACT 2600

(GPO Box 281
CANBERRA CITY ACT 2601)

Telephone: (02) 6247 3888

Facsimile: (02) 6257 2648

profit and loss statements

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	CONSOLIDATED		THE COMPANY	
		1999 \$000	1998 \$000	1999 \$000	1998 \$000
Revenue	2	175,181	204,115	174,481	203,285
Operating profit before interest and tax		45,831	48,810	46,002	48,493
Net interest expense	2, 3	2,679	1,193	2,686	1,197
Operating profit before income tax	3	43,152	47,617	43,316	47,296
Income tax attributable to operating profit	4	21,254	20,885	21,314	20,769
Operating profit after income tax		21,898	26,732	22,002	26,527
Retained profits at the beginning of the financial year		64,443	64,414	63,946	64,122
Total available for appropriation		86,341	91,146	85,948	90,649
Dividend provided for or paid	5	26,703	26,703	26,703	26,703
Retained profits at the end of the financial year		59,638	64,443	59,245	63,946
Basic and diluted earnings per share	34	11 cents	14 cents		

The above profit and loss statements should be read in conjunction with the accompanying notes set out on pages 31 to 55.

balance sheets

AS AT 30 JUNE 1999

	NOTE	CONSOLIDATED		THE COMPANY	
		1999 \$000	1998 \$000	1999 \$000	1998 \$000
Current Assets					
Cash	6	4,841	3,671	4,826	3,470
Receivables	7	62,833	54,341	62,805	53,918
Inventories	8	128,538	95,212	128,538	95,212
Other	9	13,412	12,635	13,403	12,635
Total Current Assets		209,624	165,859	209,572	165,235
Non-Current Assets					
Receivables	10	1,792	4,390	1,594	4,209
Investments	29	–	–	100	100
Inventories	11	20,593	38,517	20,593	38,517
Exploration, evaluation and development expenditure	12	188,207	158,653	188,207	158,653
Property, plant and equipment	13	500,733	534,229	499,837	533,923
Other	14	8,042	5,582	7,885	5,502
Total Non-Current Assets		719,367	741,371	718,216	740,904
Total Assets		928,991	907,230	927,788	906,139
Current Liabilities					
Accounts payable	15	24,907	18,609	24,357	18,400
Borrowings	16	77,253	–	77,253	–
Provisions	17	53,076	25,130	52,922	24,819
Other	18	–	3,572	–	3,572
Total Current Liabilities		155,236	47,311	154,532	46,791
Non-Current Liabilities					
Borrowings	19	–	81,226	–	81,226
Provisions	20	110,032	110,165	109,926	110,091
Total Non-Current Liabilities		110,032	191,391	109,926	191,317
Total Liabilities		265,268	238,702	264,458	238,108
Net Assets		663,723	668,528	663,330	668,031
Shareholders' Equity					
Share capital	21	214,585	38,148	214,585	38,148
Reserves	22	389,500	565,937	389,500	565,937
Retained profits		59,638	64,443	59,245	63,946
Total Shareholders' Equity		663,723	668,528	663,330	668,031

The above balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 31 to 55.

statements of cash flows

FOR THE YEAR ENDED 30 JUNE 1999

NOTE	CONSOLIDATED		THE COMPANY	
	1999 \$000 INFLOWS (OUTFLOWS)	1998 \$000 INFLOWS (OUTFLOWS)	1999 \$000 INFLOWS (OUTFLOWS)	1998 \$000 INFLOWS (OUTFLOWS)
Cash flows from operating activities				
	154,360	224,345	153,296	223,709
Receipts from customers				
Payments to suppliers and employees	(84,582)	(128,730)	(84,253)	(128,322)
	69,778	95,615	69,043	95,387
Interest received	662	2,611	662	2,606
Borrowing costs	(2,331)	(3,732)	(2,325)	(3,731)
Income taxes paid	(6,293)	(37,008)	(6,116)	(37,070)
Rehabilitation Trust Fund (payments)/refunds	3,204	(1,937)	3,204	(1,937)
Net cash inflow from operating activities	31(a) 65,020	55,549	64,468	55,255
Cash flows from investing activities				
Payments for property, plant and equipment	(13,370)	(24,885)	(12,632)	(24,779)
Proceeds from sale of property, plant and equipment	342	172	342	172
Jabiluka expenditure capitalised	(23,506)	(5,034)	(23,506)	(5,034)
Interest paid and capitalised to Jabiluka	(2,464)	–	(2,464)	–
Exploration	(523)	(294)	(523)	(294)
Net cash outflow from investing activities	(39,521)	(30,041)	(38,783)	(29,935)
Cash flows from financing activities				
Proceeds from borrowings – related parties	–	86,173	–	86,173
Repayment of borrowings – related parties	(3,000)	(89,928)	(3,000)	(89,928)
Dividends paid	(20,981)	(26,703)	(20,981)	(26,703)
Net cash outflow from financing activities	(23,981)	(30,458)	(23,981)	(30,458)
Net increase/(decrease) in cash held	1,518	(4,950)	1,704	(5,138)
Cash at the beginning of the financial year	3,671	7,516	3,470	7,503
Effects of exchange rate changes on cash	(466)	1,105	(466)	1,105
Cash at the end of the financial year	6 4,723	3,671	4,708	3,470

The above statements of cash flows should be read in conjunction with the accompanying notes set out on pages 31 to 55.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF PREPARATION

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

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

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

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

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entities (the consolidated entity).

Details of the controlled entities appear in note 29. The balances and effects of transactions with the controlled entities included in the consolidated financial statements have been eliminated.

(c) REVENUE RECOGNITION

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

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

Interest income is recognised as it accrues.

(d) FOREIGN CURRENCY

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of those transactions. Amounts payable and receivable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss statement in the financial year in which the exchange rates change.

Currency Hedging

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

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

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notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(e) BORROWING COSTS

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

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

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

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

(f) INCOME TAX

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

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

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

(g) RECEIVABLES

Trade debtors are normally settled within 30 to 45 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful amounts.

(h) INVENTORIES

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

(i) CARRYING AMOUNT OF ASSETS AND RECOVERABLE AMOUNT

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

(j) PROPERTY, PLANT AND EQUIPMENT

Acquisition

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

Depreciation and Amortisation

Depreciation of plant and equipment is provided for as follows:

- (i) individual assets that have a life equal to or longer than the estimated remaining life of the mine are depreciated on a unit of production basis over the life of the economically recoverable reserves; and
- (ii) each other asset is depreciated over its estimated operating life on a straight line basis.

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

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

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

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

Leased Plant and Equipment

Leases of plant and equipment under which the Company or consolidated entity assumes substantially all of the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases. Payments made under operating leases are recognised as an expense as incurred.

Ranger Project Rights

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

(k) EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

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

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

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

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

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

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

(l) ACCOUNTS PAYABLE

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

(m) 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 current inventory. The entire loan has been classified as a 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 statement when the loan repayments are made.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) REHABILITATION

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

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

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

(o) DERIVATIVES

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. It is the consolidated entity's policy to use derivative financial instruments to hedge foreign exchange risks. The consolidated entity uses forward foreign exchange contracts and foreign exchange options to hedge this risk. Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure.

Derivative financial instruments are not held for speculative purposes.

(p) EMPLOYEE ENTITLEMENTS

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave

A liability has been recognised for employees' entitlements to long service leave. It is measured as the present value of the estimated future cash payments that will be made resulting from employees' services up to the reporting date. The estimated future payments are discounted using interest rates attaching to national government guaranteed securities with terms that match, as closely as possible, the estimated timing of the payments. Cash payments are estimated by reference to expected future remuneration levels and the expected employee retention rate.

Contributions to Superannuation Funds

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

(q) INVESTMENTS

Controlled Entities

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

(r) BORROWINGS

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

2. REVENUE

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Revenue from operating activities				
Sale of goods	172,237	200,511	172,237	200,511
Rendering of services	693	825	-	-
Total sales revenue	172,930	201,336	172,237	200,511
Other revenue				
Refund from Ranger Rehabilitation Trust Fund	1,267	-	1,267	-
Interest received/receivable, other parties	642	2,607	635	2,602
Revenue from outside operating activities				
Proceeds from sale of property, plant and equipment	342	172	342	172
	175,181	204,115	174,481	203,285

3. OPERATING PROFIT

The operating profit before income tax has been arrived at after charging/(crediting) the following items:

Amortisation of Ranger Project Rights	17,478	19,654	17,478	19,654
Depreciation of non-current assets:				
Buildings	3,450	4,107	3,431	4,107
Plant and equipment	22,586	21,243	22,495	21,162
Total depreciation	26,036	25,350	25,926	25,269
Royalty payments	2,064	2,461	2,064	2,461
Payments to Aboriginal interests	7,205	8,566	7,205	8,566
Rehabilitation fund costs	15	16	15	16
Auditors' remuneration – KPMG ^a				
Audit services	119	119	119	119
Other services	89	76	89	76
Provision for writedown of exploration expenditure	523	294	523	294
Writedown in value of stores inventories	94	845	94	845
Rental expense relating to operating leases	959	896	959	896
Interest paid/payable to:				
Related parties	4,549	3,374	4,549	3,374
Other parties	1,236	426	1,236	425
Interest capitalised	(2,464)	-	(2,464)	-
Amounts set aside to provision for:				
Employee entitlements	3,968	2,922	3,822	2,835
Stores obsolescence	81	153	81	153
Doubtful debts	277	261	269	237
Maintenance	-	785	-	785
Warranty	1	1	-	-
Surplus lease space	98	-	98	-
Research and development expenditure	1,344	1,346	1,344	1,346
Foreign exchange loss on holding of net monetary assets	-	390	-	390
Net (gain)/loss on sale of property, plant and equipment	(258)	2,669	(296)	2,665

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
^a Auditors' remuneration				
Audit Services: Auditors of the Company	\$118,900	\$118,900	\$118,900	\$118,900
Other Services: Auditors of the Company	\$88,902	\$75,967	\$88,902	\$75,967

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

4. INCOME TAX

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Income tax is calculated as follows:				
Operating profit before income tax	43,152	47,617	43,316	47,296
Income tax calculated at 36%	15,535	17,142	15,594	17,027
Tax effect of permanent differences:				
Amortisation of Ranger Project Rights	6,201	7,137	6,201	7,137
Other non-allowable items	22	16	22	15
Research and Development concession	(121)	(121)	(121)	(121)
Development allowance	–	(2,200)	–	(2,200)
Income tax adjusted for permanent differences	21,637	21,974	21,696	21,858
Income tax overprovided in prior years	(383)	(1,089)	(382)	(1,089)
Income tax expense attributable to operating profit	21,254	20,885	21,314	20,769
Income tax expense attributable to operating profit comprises:				
Current income tax provision	22,889	13,729	22,870	13,592
Deferred income tax provision	3,904	6,447	3,905	6,484
Future income tax benefit	(5,156)	1,798	(5,079)	1,782
Overprovision in prior year	(383)	(1,089)	(382)	(1,089)
Income tax expense	21,254	20,885	21,314	20,769

In 1996 the Company lodged income tax objections for the years of income ended 30 June 1993 and 1994 in relation to the valuation of its inventories for income tax purposes.

During the year, the Company received amended assessments in response to those objections. Notwithstanding that the Company has appealed to the Federal Court against the Commissioner of Taxation's decisions, the full amount of tax payable and interest thereon resulting from the amended assessments (and consequential adjustments for subsequent years of income) has been fully provided in these accounts. This has resulted in a reduction of \$791,000 in net profit after tax for the year.

A significant benefit to the Company will arise if the Court finds in favour of the Company's appeals, such that net profit after tax could be increased by an amount in excess of \$4,000,000. This benefit has not been recognised in the financial statements at 30 June 1999. However, independent expert advice obtained by the Company indicates a strong likelihood of success.

5. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT	FRANKED TAX RATE	PERCENTAGE FRANKED
Dividends proposed or paid by the Company are:					
1999					
Interim – ordinary	3.0	5,722	26 February 1999	36% (Class C)	100%
Final – ordinary	11.0	20,981	22 September 1999	36% (Class C)	100%
Dividends proposed or paid	14.0	26,703			
1998					
Interim – ordinary	6.0	11,444	6 March 1998	36% (Class C)	100%
Final – ordinary	8.0	15,259	24 September 1998	36% (Class C)	100%
Dividends proposed or paid	14.0	26,703			

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Dividend Franking Account				
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:				
Class C (36%) franking credits	89,876	75,122	89,290	74,818
The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.				
6. CASH				
Cash at banks and on hand	2,941	3,671	2,926	3,470
Short term deposits (at call)	1,900	–	1,900	–
	4,841	3,671	4,826	3,470
The above figures are reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows as follows:				
Balance as above	4,841	3,671	4,826	3,470
Less bank overdrafts (note 16)	(118)	–	(118)	–
Balance per Statements of Cash Flows	4,723	3,671	4,708	3,470

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

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

7. RECEIVABLES - CURRENT

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Trade debtors	59,688	51,565	59,058	51,145
Less provision for doubtful debts ^a	(333)	(25)	(300)	-
	59,355	51,540	58,758	51,145
Other debtors	3,609	3,068	4,178	3,040
Less provision for doubtful debts	(131)	(267)	(131)	(267)
	3,478	2,801	4,047	2,773
	62,833	54,341	62,805	53,918

^a Bad debts written off against provisions consolidated and the Company: 1999: \$105,000 (1998: \$3,108,000)

8. INVENTORIES - CURRENT

Stores and spares at cost	12,588	12,779	12,588	12,779
Less provision for obsolescence	(2,023)	(2,036)	(2,023)	(2,036)
	10,565	10,743	10,565	10,743
Ore stockpiles at cost	6,894	7,625	6,894	7,625
Work in progress at cost	7,804	3,624	7,804	3,624
Finished product U ₃ O ₈ at cost	81,555	73,220	81,555	73,220
Finished product U ₃ O ₈ - borrowed	21,720	-	21,720	-
	128,538	95,212	128,538	95,212

9. OTHER ASSETS - CURRENT

Prepayments	6,433	12,635	6,424	12,635
Foreign exchange hedge asset on debtors	6,979	-	6,979	-
	13,412	12,635	13,403	12,635

10. RECEIVABLES - NON-CURRENT

Other debtors	1,735	4,351	1,555	4,170
Loans to Directors	57	39	39	39
	1,792	4,390	1,594	4,209

11. INVENTORIES - NON-CURRENT

Ore stockpiles at cost	20,593	16,797	20,593	16,797
Finished product U ₃ O ₈ - borrowed	-	21,720	-	21,720
	20,593	38,517	20,593	38,517

12. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE – NON-CURRENT

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
<i>Exploration and Evaluation Expenditure</i>				
Exploration and evaluation expenditure – Jabiluka	–	158,653	–	158,653
Other exploration expenditure	817	294	817	294
Less provision for write off	(817)	(294)	(817)	(294)
	–	158,653	–	158,653
<i>Development Expenditure</i>				
Transferred from exploration and evaluation	158,653	–	158,653	–
Expenditure incurred during the year	27,090	–	27,090	–
Borrowing costs capitalised	2,464	–	2,464	–
	188,207	–	188,207	–
Total exploration, evaluation and development expenditure	188,207	158,653	188,207	158,653

13. PROPERTY, PLANT AND EQUIPMENT

<i>Mine Land and Buildings</i>				
Mine land and buildings at cost	93,046	91,934	92,572	91,934
Less accumulated depreciation	47,751	45,721	47,732	45,721
	45,295	46,213	44,840	46,213
<i>Plant and equipment</i>				
Plant and equipment at cost	437,186	426,678	436,532	426,206
Less accumulated depreciation	198,711	175,159	198,498	174,993
	238,475	251,519	238,034	251,213
<i>Mine properties</i>				
Ranger Project Rights at cost	407,000	407,000	407,000	407,000
Less accumulated amortisation	190,037	170,503	190,037	170,503
	216,963	236,497	216,963	236,497
Total property, plant and equipment	500,733	534,229	499,837	533,923

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

14. OTHER ASSETS – NON-CURRENT

Prepayments	–	2,696	–	2,696
Future income tax benefit	8,042	2,886	7,885	2,806
	8,042	5,582	7,885	5,502

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

15. ACCOUNTS PAYABLE - CURRENT

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Amount owing to related parties	361	382	361	531
Trade creditors	17,466	10,350	16,931	9,992
Other creditors	7,080	7,877	7,065	7,877
	24,907	18,609	24,357	18,400

16. BORROWINGS - CURRENT

Bank overdraft	118	-	118	-
Loan from related party	42,000	-	42,000	-
Uranium loan	35,135	-	35,135	-
	77,253	-	77,253	-

17. PROVISIONS - CURRENT

Employee entitlements	4,729	4,255	4,600	4,127
Deferred income - Uranium loan	6,583	-	6,583	-
Maintenance	-	1,050	-	1,050
Warranty	25	24	-	-
Dividend	20,981	15,259	20,981	15,259
Income tax	20,758	4,542	20,758	4,383
	53,076	25,130	52,922	24,819

18. OTHER LIABILITIES - NON-CURRENT

Foreign exchange hedge liability on debtors	-	3,572	-	3,572
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19. BORROWINGS - NON-CURRENT

Loan from related party	-	45,000	-	45,000
Uranium loan	-	36,226	-	36,226
	-	81,226	-	81,226

20. PROVISIONS - NON-CURRENT

Rehabilitation	1,400	-	1,400	-
Employee entitlements	778	730	718	703
Deferred income - Uranium loan	-	5,485	-	5,485
Deferred income tax	107,854	103,950	107,808	103,903
	110,032	110,165	109,926	110,091

21. SHARE CAPITAL

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Issued and paid up capital comprises:				
1998				
142,865,446 A Class shares of \$0.20 each fully paid		28,573		28,573
27,573,468 B Class shares of \$0.20 each fully paid		5,515		5,515
20,299,020 C Class shares of \$0.20 each fully paid		4,060		4,060
1999				
142,865,446 A Class shares fully paid				
27,573,468 B Class shares fully paid				
<u>20,299,020</u> C Class shares fully paid				
190,737,934 Total fully paid shares	214,585		214,585	
	214,585	38,148	214,585	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.

Movements in share capital*Share Capital*

Balance at beginning of year	38,148	38,148	38,148	38,148
Share premium reserve transferred	176,437	–	176,437	–
Balance at end of year	214,585	38,148	214,585	38,148

The *Company Law Review Act 1998* ("the Act") came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998. From 1 July 1998 share capital does not have a nominal (par) value.

22. RESERVES

Share premium	–	176,437	–	176,437
Capital reconstruction	389,500	389,500	389,500	389,500
	389,500	565,937	389,500	565,937

Movements during the year*Share Premium*

Balance at beginning of year	176,437	176,437	176,437	176,437
Transferred to share capital	(176,437)	–	(176,437)	–
Balance at end of year	–	176,437	–	176,437

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

23. CONTINGENT LIABILITIES AND LEGAL DISPUTES

CONTINGENT LIABILITIES

ERA has given an undertaking to the Commonwealth Government to rehabilitate the Ranger Project Area after cessation of mining operations. The latest estimated cost of rehabilitation, should ERA have been required to cease mining at 31 March 1999 was \$29,790,500 (including a five per cent contingency). At 31 March 1999 there was a cash surplus in the Ranger Rehabilitation Trust Fund of \$3,204,000. As a consequence the Company received a refund of this amount, bringing the balance of the Trust Fund to \$29,791,000.

In certain circumstances when the minimum "floor" price of U_3O_8 , as approved by the Minister for Primary Industries and Energy of the Commonwealth of Australia, exceeded the sales prices contracted with certain customers (which were based on spot prices at the time of sales), those customers became entitled to a credit which will reduce the contract price with respect to future sales. In the case of one contract, if the spot price is not sustained above US\$12 per pound through to December 2005, an amount of up to A\$6,827,000 may become payable at that time.

ERA has issued a Letter of Credit as security for the Uranium loan amounting to A\$43,948,000.

LEGAL ACTIONS AGAINST ERA

During the year, three legal cases were taken by Yvonne Margarula in relation to the development of Jabiluka. In the first case, the High Court confirmed the validity of the Jabiluka Mineral Lease. In the second case the Darwin Supreme Court found that the Northern Territory Minister for Resource Development appropriately issued authorisation to develop Jabiluka.

Lastly an action was listed against the Federal Minister for the Environment, the former Federal Minister for Resources and ERA, claiming the ministers did not follow due process in granting approvals for the Jabiluka Mill Alternative. In June 1999 the Federal Court rejected all but one of the arguments in the case. The Court will hear this single application in early 2000 in respect of a decision made by the former Resources Minister.

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

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
24. COMMITMENTS				
(a) Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than 1 year	144	3,312	144	3,312
(b) Lease commitments				
(i) Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than 1 year	515	884	515	884
Later than 1 year but not later than 2 years	–	408	–	408
	515	1,292	515	1,292
(ii) Mineral tenement leases				

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay an amount of approximately \$73,000 in the year ending 30 June 2000 in respect of tenement lease rentals.

24. COMMITMENTS (continued)

- (c) ERA is liable to make payments to the Commonwealth as listed below:
- (i) An amount equal to the sum payable by the Commonwealth to the Northern Land Council Pursuant to the Section 44 Agreement (*Aboriginal Land Rights (NT) Act 1976*). This amounts to \$200,000 per annum during the currency of the Agreement;
 - (ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginals Benefit Trust Account pursuant to Section 63(5) of the *Aboriginal Land Rights (NT) Act 1976*. These amounts are calculated as though they were royalties payable pursuant to the *Mining Act 1980* of the Northern Territory and represent 4.25% of Ranger net sales revenue (amounts paid during 1999: \$7,005,000 / 1998: \$8,366,000);
 - (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 1999: \$2,064,000 / 1998: \$2,461,000);
 - (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. When the fund is in deficit these amounts are credited to the Ranger Rehabilitation Trust Fund to provide for Rehabilitation of the mine site.
- (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) Women's Resource Centre – \$100,000 p.a.* from commencement of construction, 16 June 1998, until two years after cessation of the project;
 - (iii) Social Impact Monitoring – \$100,000 p.a.* from commencement of construction, 16 June 1998, until two years after cessation of the project, then \$50,000 p.a.* for three years;
 - (iv) Control of Alcohol – \$70,000 p.a.* from commencement of construction, 16 June 1998, until two years after cessation of the project;
 - (v) Education – \$200,000 to establish an Aboriginal Education Unit. In addition \$70,000 p.a.* from June 1999 until two years after cessation of the project.
- * Subject to CPI escalation.
- (e) ERA is liable to make payments to the Northern Land Council (NLC) pursuant to the Section 43 Agreement (*Aboriginal Land Rights (NT) Act 1976*) between Pancontinental Mining Limited and Getty Oil Development Company Limited and the NLC dated 21 July 1982, which was assigned to ERA with the consent of the NLC, as listed below:
- (i) 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.

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FOR THE YEAR ENDED 30 JUNE 1999

25. EMPLOYEE ENTITLEMENTS

	NOTE	CONSOLIDATED		THE COMPANY	
		1999 \$000	1998 \$000	1999 \$000	1998 \$000
Aggregate employee entitlements, including on-costs					
– Current	17	4,729	4,255	4,600	4,127
– Non-current	20	778	730	718	703
		5,507	4,985	5,318	4,830

DIRECTORS' RETIREMENT ALLOWANCE

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

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

SUPERANNUATION

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

Upon the recommendation of the actuary, as from 1 July 1990 the employer contribution to the North Superannuation Fund was reduced to a nominal level. Employer contributions to the fund in 1999 were \$Nil (1998: \$Nil).

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

	PLAN ASSETS AT NET MARKET VALUE \$000	TOTAL ACCRUED BENEFITS \$000	EXCESS/ (DEFICIT) \$000	TOTAL VESTED BENEFITS (vii) \$000
– 1999	131,990(i)	124,439(ii)	7,551(iv)	124,146(i)
– 1998	136,262(iii)	118,542(vi)	17,720(iv)	118,219(iii)
Amounts applicable to ERA				
– 1999	Refer (v)	13,184(ii)	–	13,184(ii)
– 1998	Refer (v)	9,487(vi)	–	9,487(iii)

- (i) Plan assets at net market value and vested benefits have been calculated at 30 June 1999, 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 1999. Accrued benefits means benefits the plans are presently obliged to transfer in the future to members and beneficiaries as a result of membership of the plans.
- (iii) Plan assets at net market value and vested benefits were calculated at 30 June 1998, from the accounting records of the fund.
- (iv) Entitlements to any excess amounts will be determined in accordance with the terms and conditions of the North Superannuation Fund Trust Deed.
- (v) 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 1998.
- (vii) "Vested benefits" are benefits which are not conditional upon continued membership of the plans or any factor, other than resignation from the plans. It represents the defined contribution balances plus defined benefits members' normal withdrawal benefits.

26. DIRECTORS' AND EXECUTIVES' REMUNERATION

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

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

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

Remuneration details of Directors and each of the five executives of the Company and the consolidated entity at 30 June 1999 are set out below:

	DIRECTORS' BASE FEE	ADDITIONAL REMUNERATION PAID BY NORTH LIMITED IN CONNECTION WITH THE MANAGEMENT OF THE AFFAIRS OF ERA	SUPERANNUATION	OTHER	TOTAL
	\$	\$	\$	\$	\$
Non Executive Directors					
M Broomhead	40,000*	110,356	2,800*	–	153,156
C McC Anderson	30,000*	88,836	2,100*	3,595	124,531
T Knott	10,000*	43,203	700*	–	53,903
T Barlow	20,000*	–	1,400*	–	21,400
A Carmichael	20,000*	–	1,400*	–	21,400
B Hickman	20,000	–	1,400	–	21,400
M Shibata	20,000	–	–	–	20,000
D Panthout	14,176**	–	–	–	14,176
P Kausch	5,824	–	–	1,643	7,467
* Amounts paid directly to North Limited					
** Amounts paid directly to COGEMA Australia Pty Ltd					

	BASE SALARY	BONUS	SUPERANNUATION	RETIREMENT BENEFITS	OTHER BENEFITS*	TOTAL
	\$	\$	\$	\$	\$	\$
Executive Director						
P Shirvington	281,470	13,090	29,123	–	70,821	394,504
Officers						
<i>The Company</i>						
K Lonie	209,137	4,579	22,193	258,000	73,092	567,001
R Cleary	218,786	12,415	28,496	–	46,882	306,579
W Davies	159,883	2,768	17,588	–	57,479	237,718
G Mallett	115,417	–	7,787	–	52,911	176,115
<i>Consolidated Entity</i>						
Includes each of the Executives of the Company detailed above and:						
A Milnes	152,770	3,902	16,805	–	65,796	239,273

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

Details of options issued (by North Limited for shares in North Limited) are included as part of the remuneration of Directors of the Company and each of the five executive officers of the Company and the consolidated entity receiving the highest emoluments are set out below.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

26. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

OPTIONS ISSUED UNDER THE NORTH LIMITED EMPLOYEE OPTION SCHEME

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

OFFICERS	OPTIONS ISSUED NO.	VALUE OF OPTIONS INCLUDED IN REMUNERATION \$
<i>The Company</i>		
R Cleary	40,000	19,880
K Lonie	40,000	19,880
W Davies	32,500	16,153
G Mallett	22,500	11,183
<i>Consolidated Entity</i>		
Includes each of the Executives of the Company detailed above and:		
A Milnes	32,500	16,153

The options were granted under the North Limited Employee Option Plan on 1 December 1998.

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

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

	THE COMPANY	
	1999	1998
\$0 to \$9,999	1	1
\$10,000 to \$19,999	1	1
\$20,000 to \$29,999	4	4
\$50,000 to \$59,999	1	-
\$120,000 to \$129,999	1	-
\$130,000 to \$139,999	-	1
\$150,000 to \$159,999	1	-
\$220,000 to \$229,999	-	1
\$390,000 to \$399,999	1	-
\$440,000 to \$449,999	-	1

26. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties:				
the Company*			590	592
related parties (including North Limited)			242	312
			<u>832</u>	<u>904</u>
* Included in this amount is \$180,000 (1998: \$180,000) of Directors' fees. The balance of \$410,000 (1998: \$412,000) primarily represents executive remuneration paid to Directors.				
Total income paid or payable, or otherwise made available to all Directors of each entity in the consolidated entity from the Company, related parties or controlled entities:				
the Company	590	592		
related parties (including North Limited)	481	547		
	<u>1,071</u>	<u>1,139</u>		
RETIREMENT BENEFITS OF DIRECTORS				
Retirement benefits paid to Directors of the Company and controlled entities, being amounts that have been previously approved by the members of the Company in a general meeting				
	-	99	-	99

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

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

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

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
\$170,000 to \$179,999	1	-	1	-
\$230,000 to \$239,999	2	1	1	-
\$240,000 to \$249,999	-	1	-	1
\$300,000 to \$309,999	1	1	1	1
\$360,000 to \$369,999	-	1	-	1
\$390,000 to \$399,999	1	-	1	-
\$440,000 to \$449,999	-	1	-	1
\$560,000 to \$569,999	1	-	1	-

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Total remuneration received or due and receivable by these executives from:				
the Company	1,615	1,457	1,615	1,242
related parties (including North Limited)	306	139	67	119
	<u>1,921</u>	<u>1,596</u>	<u>1,682</u>	<u>1,361</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

27. RELATED PARTIES

CONTROLLED ENTITIES

Information relating to controlled entities 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 Broomhead, A Carmichael, B Hickman, P Kausch (Alternates: D Panthout, J McKillop), T Knott, D Panthout, M Shibata (Alternates: S Chida, Y Hirono, K Tsuzuku, K Takai, H Suzuki, T Yonezawa), P Shirvington.

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

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

TRANSACTIONS WITH DIRECTORS AND DIRECTOR-RELATED ENTITIES

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

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

Sales revenue derived from JAURD totalled 1999: \$47,796,000 (1998: \$46,020,000).

Commission paid to JAURD totalled 1999: \$548,000 (1998: \$497,000).

Amounts receivable from JAURD at 30 June 1999 totalled \$13,467,000 (1998: \$15,044,000).

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

Interest paid in respect of the uranium loan totalled 1999: \$1,776,000 (1998: \$1,664,000).

Amount payable in respect of the uranium loan at 30 June 1999 totalled \$35,135,000 (1998: \$36,226,000) (note 16).

LOANS TO DIRECTORS

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

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Aggregate movements in loan balances:				
Aggregate loans at the beginning of the financial year	52	32	39	26
Add loans advanced during the financial year	12	23	6	15
Add loans transferred in from related parties	–	18	–	18
Less loans transferred out to related parties	–	(15)	–	(15)
Less loan instalments repaid during the financial year	(7)	(6)	(6)	(5)
Aggregate loans at the end of the financial year	57	52	39	39

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

LOAN FROM RELATED PARTY

During the 1998 financial year ERA entered into a US\$60,000,000 three year loan facility with North Finance Limited. This facility was negotiated on commercial terms and conditions. At 30 June 1999 A\$42,000,000 (1998: A\$45,000,000) was drawn down and recognised as a current borrowing.

27. RELATED PARTIES (continued)

SUPERANNUATION FUND

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

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
OTHER RELATED PARTIES				
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties:				
Management fees paid to ultimate parent entity	2,156	1,874	1,917	1,707
Consulting fees paid to controlled entities	–	–	3,217	2,990
Marketing fees received from related parties	–	432	–	432
Consulting fees received from related parties	75	333	–	–
Net foreign exchange gains/(losses) from related parties	2,544	(12,446)	2,544	(12,446)
Interest paid to related parties	2,774	1,710	2,774	1,710
Aggregate amounts recognised in relation to other transactions with each class of other related parties:				
Dividends paid/payable to				
Ultimate parent entity	9,106	9,106	9,106	9,106
Related parties	9,157	9,157	9,157	9,157
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Current assets – receivables				
Controlled entities	–	–	714	–
Current liabilities – creditors				
Related parties	361	382	361	382
Controlled entities	–	–	–	149
Current liabilities – borrowings				
Related parties	42,000	45,000	42,000	45,000

28. SHAREHOLDER-CUSTOMER TRANSACTIONS

All sales were conducted on commercial terms and conditions.

Total revenue derived from shareholder customers totalled 1999: \$67,359,000 (1998: \$57,365,000).

Amounts receivable from shareholder customers at 30 June 1999 totalled \$25,852,000 (1998: \$15,044,000).

29. INVESTMENT IN CONTROLLED ENTITIES

	PLACE OF INCORPORATION	CLASS OF SHARE	INTEREST HELD	
			1999	1998
Controlled Entities				
ERA Environmental Services Pty Ltd	NSW	Ordinary	100%	100%
Ranger Uranium Mines Pty Ltd	NSW	Ordinary	100%	100%

The above controlled entities are wholly owned and no dividends were paid to the parent entity. (1998: \$Nil).

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

30. SEGMENT INFORMATION

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
GEOGRAPHICAL SEGMENTS				
Sales revenue is derived from customers in the following geographical areas:				
Asia	89,853	91,326	89,160	90,501
United States	40,740	63,664	40,740	63,664
Europe	42,337	46,346	42,337	46,346
	172,930	201,336	172,237	200,511

INDUSTRY SEGMENTS

	URANIUM		CONSULTING		ELIMINATIONS		CONSOLIDATED	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000	1999 \$000	1998 \$000	1999 \$000	1998 \$000
Sales revenue outside the economic entity	172,237	200,511	693	825	–	–	172,930	201,336
Intersegment revenue	–	–	3,217	2,990	(3,217)	(2,990)	–	–
Total sales revenue	172,237	200,511	3,910	3,815	(3,217)	(2,990)	172,930	201,336
Operating profit/(loss) before tax	43,316	47,296	(164)	321	–	–	43,152	47,617
Total assets	927,788	906,139	2,018	1,191	(815)	(100)	928,991	907,230

The consolidated 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

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
(a) Reconciliation of operating profit after income tax to net cash inflow from operating activities				
Operating profit after income tax	21,898	26,732	22,002	26,527
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current assets	(258)	2,669	(296)	2,665
Add/(less) non-cash items:				
Depreciation and amortisation	48,285	40,368	48,176	40,287
Exploration expenditure	523	294	523	294
Net exchange differences	466	(1,105)	466	(1,105)
Change in operating assets and liabilities:				
(increase)/decrease in trade debtors	(18,673)	29,114	(18,464)	29,229
(increase)/decrease in other debtors	2,057	(3,775)	1,477	(3,703)
(increase)/decrease in inventories	(15,389)	(9,448)	(15,389)	(9,448)
(increase)/decrease in prepayments	8,898	(9,340)	8,907	(9,340)
(decrease)/increase in trade and other creditors	3,094	(1,725)	2,789	(1,718)
(decrease)/increase in provision for income taxes payable	16,216	(24,360)	16,375	(24,557)
(decrease)/increase in net provision for deferred income tax liability and future income tax benefit	(1,252)	8,244	(1,174)	8,264
(decrease)/increase in other provisions	(845)	(2,119)	(924)	(2,140)
Net cash inflow from operating activities	65,020	55,549	64,468	55,255

(b) Non-cash financing and investing activities

During the year the consolidated entity acquired inventory amounting to \$Nil (1998: \$9,495,000) by way of uranium loan. There was no cash flow associated with the acquisition of this inventory.

32. FINANCING ARRANGEMENTS

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
The consolidated entity has access to the following financing facilities:				
Total facilities available:				
Bank overdrafts	1,500	1,500	1,500	1,500
Bank loans	5,000	10,000	5,000	10,000
Uranium loan	53,178	53,985	53,178	53,985
Loan from related parties	91,241	98,782	91,241	98,782
	150,919	164,267	150,919	164,267
Facilities utilised at balance date:				
Bank overdrafts	118	–	118	–
Bank loans	–	–	–	–
Uranium loan	43,423	43,423	43,423	43,423
Loan from related parties	42,000	45,000	42,000	45,000
	85,541	88,423	85,541	88,423
Facilities not utilised at balance date:				
Bank overdrafts	1,382	1,500	1,382	1,500
Bank loans	5,000	10,000	5,000	10,000
Uranium loan	9,755	10,562	9,755	10,562
Loan from related parties	49,241	53,782	49,241	53,782
	65,378	75,844	65,378	75,844

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

32. FINANCING ARRANGEMENTS (continued)

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 8.0% p.a. (1998: 8.3% p.a.).

BANK LOAN

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 5.1% p.a. (1998: 5.3% p.a.).

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 U₃O₈ prices and are based on the original draw down prices.

LOAN FROM RELATED PARTIES

The loan is unsecured and denominated in either Australian or United States dollars and may be drawn on up until December 2000. The interest rate applicable at balance date was 5.2% p.a. (1998: 5.3% p.a.).

33. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

	CONSOLIDATED		THE COMPANY	
	1999 \$000	1998 \$000	1999 \$000	1998 \$000
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				
Other debtors	8	32	8	32
Current – Accounts payable				
Accounts payable	2,989	1,164	2,989	1,164

34. EARNINGS PER SHARE

	1999	1998
Basic and diluted earnings per share:	\$0.11	\$0.14
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 1999: 190,737,934 shares; (1998: 190,737,934 shares).		

35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

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

1999	NOTE	FLOATING INTEREST RATE \$000	FIXED INTEREST MATURING IN			NON- INTEREST BEARING \$000	TOTAL \$000	WEIGHTED AVERAGE INTEREST RATE % P.A.
			1 YEAR OR LESS \$000	OVER 1 TO 5 YEARS \$000	MORE THAN 5 YEARS \$000			
Financial assets								
Cash	6	4,841	—	—	—	—	4,841	4.5
Receivables	7, 10	—	—	—	—	64,625	64,625	
Foreign exchange hedge asset	9	—	—	—	—	6,979	6,979	
		4,841	—	—	—	71,604	76,445	
Financial liabilities								
Bank overdraft	16	118	—	—	—	—	118	8.0
Borrowings*	16	42,000	—	—	—	—	42,000	5.3
Accounts payable	15	—	—	—	—	25,391	25,391	
Dividends payable	17	—	—	—	—	20,981	20,981	
		42,118	—	—	—	46,372	88,490	

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

1998	NOTE	FLOATING INTEREST RATE \$000	FIXED INTEREST MATURING IN			NON- INTEREST BEARING \$000	TOTAL \$000	WEIGHTED AVERAGE INTEREST RATE % P.A.
			1 YEAR OR LESS \$000	OVER 1 TO 5 YEARS \$000	MORE THAN 5 YEARS \$000			
Financial assets								
Cash	6	3,671	—	—	—	—	3,671	5.1
Receivables	7,10	—	5,384	—	—	53,347	58,731	7.7
		3,671	5,384	—	—	53,347	62,402	
Financial liabilities								
Borrowings**	19	45,000	—	—	—	—	45,000	5.3
Accounts payable	15	—	—	—	—	18,609	18,609	
Dividends payable	17	—	—	—	—	15,259	15,259	
Foreign exchange hedge liability	18	—	—	—	—	3,572	3,572	
		45,000	—	—	—	37,440	82,440	

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

(b) Foreign Exchange Risk

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

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

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

The consolidated entity's risk management policy guidelines set:

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

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

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 1999

35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (continued)

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

MATURITY	1999		1998		
	AMOUNT US\$000	WEIGHTED AVERAGE RATE A\$/US\$	AMOUNT US\$000	WEIGHTED AVERAGE RATE A\$/US\$	
Forwards					
Sell US\$/Buy A\$	Less than 1 year	29,000	0.70	57,000	0.66
	1 to 5 years	76,000	0.61	39,000	0.67
	More than 5 years	68,000	0.60	30,000	0.67
	Total	173,000	0.64	126,000	0.66
Options					
Bought US\$ Put options	Less than 1 year	74,000	0.62	88,000	0.59
	1 to 5 years	148,000	0.65	190,000	0.64
	More than 5 years	72,000	0.70	90,000	0.70
	Total	294,000	0.66	368,000	0.64
Options					
Sold US\$ Call options	Less than 1 year	40,000	0.65	16,000	0.61
	1 to 5 years	134,000	0.66	156,000	0.65
	More than 5 years	72,000	0.70	90,000	0.70
	Total	246,000	0.67	262,000	0.67
Sold "knock-out" US\$ call options ¹					
MATURITY	1999		1998		
	AMOUNT US\$000	KNOCK-OUT RATE A\$/US\$	AMOUNT US\$000	KNOCK-OUT RATE A\$/US\$	
Less than 1 year	40,000	0.72	16,000	0.69	
1 to 5 years	134,000	0.72	156,000	0.72	
More than 5 years	72,000	0.76	90,000	0.76	
Total	246,000	0.74	262,000	0.73	
Bought "knock-in" forwards					
MATURITY	1999		1998		
	AMOUNT US\$000	KNOCK-IN RATE A\$/US\$	AMOUNT US\$000	KNOCK-IN RATE A\$/US\$	
Less than 1 year	–	–	20,000	0.71	
Total	–	–	20,000	0.71	

35. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (continued)

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

CURRENCY	MATURITY	1999 UNREALISED HEDGE GAINS/(LOSSES) ² A\$000	1998 UNREALISED HEDGE GAINS/(LOSSES) ² A\$000
US\$ hedges	Less than 1 year	2,813	(4,218)
	1 to 5 years	11,856	(14,722)
	More than 5 years	3,598	(12,519)
	Total	18,267	(31,459)

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

² 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.

(c) Commodity Price Risk

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

(d) Credit Risk Exposures

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

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

The consolidated entity is not materially exposed to any individual customer. Material concentrations of credit risk on trade debts due from customers (on a basis of geographical location) are United States 14%, Europe 32%, and Asia 54%.

(e) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

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

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

Short Term Instruments and Other Loans

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

Long Term Borrowings

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

Off-Balance Sheet Financial Instruments

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

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

	CONSOLIDATED NET FAIR VALUE ASSET/(LIABILITY) 1999 \$000	CONSOLIDATED NET FAIR VALUE ASSET/(LIABILITY) 1998 \$000
<i>Off-Balance Sheet Financial Instruments</i>		
Hedges of foreign exchange exposure	18,267	(31,459)

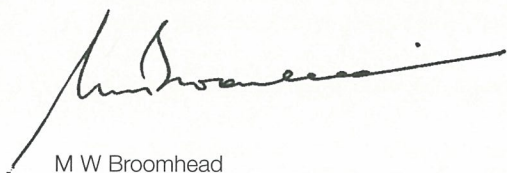
directors' declaration

FOR THE YEAR ENDED 30 JUNE 1999

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

- (a) the Financial Statements set out on pages 28 to 55 are in accordance with the Corporations Law, including:
- (i) Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 1999 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 19th day of August 1999 in accordance with a resolution of the Directors.



M W Broomhead

Director

independent auditors' report

TO THE MEMBERS OF ENERGY RESOURCES OF AUSTRALIA LTD

SCOPE

We have audited the financial report of Energy Resources of Australia Ltd for the financial year ended 30 June 1999, consisting of the Profit and Loss Statements, Balance Sheets, Statements of Cash Flows, accompanying notes, and the Directors' Declaration set out on pages 28 to 56. The Financial Report includes the consolidated financial statements of the consolidated entity, comprising the Company and its controlled entities at the year's end or from time to time during the financial year. The Company's Directors are responsible for the Financial Report. We have conducted an independent audit of this Financial Report in order to express an opinion on it to the members of the Company.

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

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

AUDIT OPINION

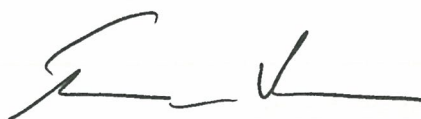
In our opinion, the Financial Report of Energy Resources of Australia Ltd is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations;
- (b) other mandatory professional reporting requirements.



KPMG

Chartered Accountants



T van Veen

Partner

19 August 1999

shareholder information

TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 19 August 1999

SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
BT Custodial Services Pty Ltd (EQUI A/C)	1,760,550
BT Custodial Services Pty Limited	506,080
National Nominees Limited	466,458
Citicorp Nominees Pty Limited	450,080
Sandhurst Trustees Ltd	416,533
BT Custodians Limited	323,007
BT Custodial Services Pty Ltd (MFTP A/C)	274,209
Ganra Pty Ltd	237,500
Reinsurers Investments Pty Limited	233,837
Sydney Reinsurance Company Limited	212,170
Bankers Trust Life Limited	162,484
Mrs Geok Siew Lim	157,965
Bankers Trust Life Limited	108,421
QBE International (Investments) Pty Limited	100,000
Clipper Investments Ltd	93,725
Dr Andrew Duncan Maclaine-Cross & Dr Gillian Katrin Maclaine-Cross	90,705
QBE Securities Pty Limited	89,911
AMP Nominees Pty Limited	63,464
Total of top twenty holdings	136,197,203

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 95.33 per cent.

ENTITLEMENT TO VOTES

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

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

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shares held as at 19 August 1999

A CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited*	65,042,208
B CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Cameco Resources Australia Pty Ltd	12,294,348
UG Australia Developments Pty Ltd	7,982,576
Interuranium Australia Pty Ltd	3,776,989
Cogema Australia Pty Ltd**	2,494,555
OKG Aktiebolag	1,025,000
C CLASS ORDINARY SHAREHOLDERS	NUMBER OF SHARES HELD
Japan Australia Uranium Resources Development Co Ltd	20,299,020

DISTRIBUTION OF SHAREHOLDERS as at 19 August 1999

(a) A CLASS ORDINARY SHAREHOLDERS

Equal to 74.90% of the issued capital

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1-1,000	6,572	86.41	1,426,862	1.00
1,001-5,000	805	10.58	1,989,467	1.39
5,001-10,000	112	1.47	904,125	0.63
10,001-100,000	102	1.34	2,785,594	1.95
100,001 and over	15	0.20	135,759,398	95.03
	7,606	100.00	142,865,446	100.00

There were 5,215 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	%
Cameco Resources Australia Pty Ltd	12,294,348	44.59
UG Australia Developments Pty Ltd	7,982,576	28.95
Interuranium Australia Pty Ltd	3,776,989	13.69
Cogema Australia Pty Ltd	2,494,555	9.05
OKG Aktiebolag	1,025,000	3.72
	27,573,468	100.00

(c) C CLASS ORDINARY SHAREHOLDERS

Equal to 10.64 per cent of the issued capital

	NUMBER OF SHARES	%
Japan Australia Uranium Resources Development Co Ltd	20,299,020	100.00

TOTAL ISSUED CAPITAL 190,737,934 100.00

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

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

STOCK EXCHANGE LISTING

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

The home exchange is Sydney.

ten year performance

YEAR ENDED 30 JUNE	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Sales Revenue (\$000)	172,930	201,336	230,561	180,350	140,034	152,178	159,505	170,459	210,407	206,898
Earnings Before Interest and Tax (\$000)	45,831	48,810	73,759	60,839	38,006	46,055	75,003	71,888	101,999	130,762
Profit Before Tax (\$000)	43,152	47,617	71,572	58,560	35,424	44,281	72,528	69,089	101,604	125,830
Income Tax Expense (\$000)	21,254	20,885	31,147	17,831	23,058	17,774	14,838	30,403	27,554	68,328
Profit After Tax (\$000)	21,898	26,732	40,425	40,729	12,366	26,507	57,690	38,686	74,050	57,502
Total Assets (\$000)	928,991	907,230	924,768	865,045	899,984	920,489	975,560	945,406	827,756	847,491
Shareholders' Equity (\$000)	663,723	668,528	668,499	654,777	640,752	651,652	625,145	567,455	545,169	464,793
Long-Term Debt (\$000)	–	81,226	27,006	31,073	69,952	88,499	120,127	174,491	52,107	39,566
Current Ratio	1.35	3.51	1.41	2.15	2.14	2.27	1.96	2.33	2.24	0.98
Liquid Ratio	0.48	1.23	0.68	1.07	1.06	1.13	1.09	0.84	0.96	0.49
Gearing Ratio (%)	–	10.8	3.9	4.5	9.8	12.0	16.3	23.9	13.3	12.1
Interest Cover (times)	13.8	12.8	19.6	11.2	7.5	13.1	18.2	15.5	19.6	12.6
Return on Shareholders' Equity (%)	3.3	4.0	6.1	6.3	1.9	4.2	9.7	7.0	14.7	12.6
Earnings Per Share (cents)	11	14	21	21	6*	7	14	9	18	14
Dividends Per Share (cents)	14.0	14.0	14.0	14.0	252.5	–	–	4.0	10.0	10.0
Payout Ratio (%)	121.9	99.9	66.1	65.6	1,757.7**	–	–	42.4	55.4	71.3
Share Price (\$)	1.70	3.02	5.90	4.65	2.92	1.25	1.30	1.22	1.47	2.00
Price-Earnings Ratio	14.8	21.6	27.8	21.8	45.6	19.2	9.2	12.9	8.1	14.3
Dividend Yield (%)	8.2	4.6	2.4	3.0	86.5	–	–	3.3	6.8	5.0
Net Tangible Assets per Share (\$)	3.48	3.50	3.50	3.43	3.36	1.59	1.52	1.38	1.33	1.13
No. of Permanent Employees	272	255	246	215	198	193	198	191	339	340
Profit After Tax per Employee (\$000)	80.5	104.8	164.3	189.4	62.4	137.3	291.4	202.5	218.4	169.1
Ore Mined (million tonnes)	2.496	2.310	0.709	–	0.841	0.712	0.830	0.435	0.661	1.085
Ore Milled (million tonnes)	1.827	1.843	1.571	1.201	0.578	0.437	0.426	0.986	1.090	1.089
Mill Head Grade (% U ₃ O ₈)	0.267	0.269	0.311	0.349	0.345	0.389	0.348	0.324	0.295	0.314
Mill Recovery (%)	91.04	86.77	85.51	85.11	82.90	85.69	90.56	89.83	90.78	90.10
Production (tonnes U ₃ O ₈) – drummed	4,374.9	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
Sales – Ranger Concentrates (tonnes U ₃ O ₈)	4006.0	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
Sales – Other Concentrates (tonnes U ₃ O 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 ₃ O ₈)	4006.0	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

* 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

1999 achievements from 1998 annual report

O B J E C T I V E	O U T C O M E
FINANCE	
To maximise profit	Profit after tax of \$21.9 million
To maximise shareholder value	Shareholder value continues to be the main focus with reduced unit costs and development of Jabiluka Stage 1
To maintain optimum debt level	Net debt \$72.4 million
DEVELOPMENT	
Finalise approvals for Jabiluka	The Commonwealth environmental approval process for Jabiluka was completed in August 1998
Construct decline for access to the Jabiluka ore body	A 1,870 m underground development, including 1,150 m decline (underground tunnel) completed ahead of schedule
Complete computer system upgrade	ERA Business System implemented
Undertake acid plant upgrade	Acid plant capacity expansion completed within budget
OPERATIONS	
Assess opportunities provided by early completion of mining of Ranger #3	Ranger Strategic Study being undertaken
Increase production to between 5,000 and 5,500 tonnes U ₃ O ₈	Target production levels revised to meet market demand
Reduce unit cash cost of production	Unit cost of production reduced by 8 per cent
EMPLOYEES	
Develop and implement program resulting from employee opinion survey	Development of ERA vision and values in consultation with employees
Continue to improve employment and training opportunities for local Aboriginal people	Highest-ever number of Aboriginal employees at Ranger, with 36, or 15 per cent of the workforce, being Aboriginal
Increase safety and health rating	Ranger was awarded the highest Safety and Health rating by the National Safety Council of Australia
COMMUNITY	
Work closely with stakeholders to implement further KRSIS programs through the Agreement entered into with the NLC as part of the Jabiluka approval process	ERA represented on KRSIS Working Group, chaired by former Minister and Senator, the Hon. Bob Collins
Work with the community to implement cross-cultural training in the Jabiru school	Teaching staff attended a cross-cultural awareness course
Continue to provide an employee to supervise the functioning of the Community Development Employment Program (CDEP)	An employee supervised the implementation of the CDEP program
ENVIRONMENT	
Continue record of no detrimental impact on surrounding environment	Independent reports found Ranger had no detrimental impact on the surrounding environment
Progressively rehabilitate more than five hectares of capped very low grade and waste rock stockpiles	Approximately five hectares rehabilitated
Continue extensive baseline study work for Jabiluka	The second year of terrestrial and aquatic fauna surveys, and surface water quality was undertaken
MARKETING	
Continue to write new long-term contracts consistent with production	Four contracts signed with US, Scandinavian and Japanese utilities
Optimise stock levels	Due to lower sales, production was reduced in January 1999
Obtain further contracts for Jabiluka material to underwrite Jabiluka development	The Company has undertaken not to sign further Jabiluka contracts until the current outstanding legal action has been resolved

A WIDE RANGE OF PUBLICATIONS IS AVAILABLE FROM ERA.
THE FULL LIST CAN BE VIEWED ON OUR WEBSITE.

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Jaques
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60 Marcus Clarke Street
Canberra City
ACT 2601
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announcements

1999 financial year

8 July 1998	ERA Supports ACF
16 July 1998	Quarterly Production & Exploration Report to 30 June 1998
20 August 1998	ERA Full Year Results
26 August 1998	Jabiluka Mill Alternative Public Environment Report
27 August 1998	Jabiluka Mill Alternative Public Environment Report approved
21 September 1998	Environment consultancy fire-bombed
15 October 1998	Quarterly Profit, Production & Exploration Report to 30 September 1998
16 October 1998	ERA welcomes Court decision
20 November 1998	ERA welcomes finding on Jabiluka
1 December 1998	World Heritage decision "illogical"
14 December 1998	Production levels at Ranger
8 January 1999	Construction of Jabiluka Decline on Schedule
21 January 1999	New ERA Chairman
21 January 1999	Half-Yearly Profit, Production & Exploration Report to 31 December 1998
27 January 1999	ERA awarded highest safety award
29 March 1999	Year 2000 Project – Report to the Australian Stock Exchange
29 April 1999	Quarterly Profit, Production & Exploration Report to 31 March 1999
11 May 1999	ERA to temporarily suspend advancement of the Jabiluka decline
18 May 1999	Jabiluka Tunnel
26 May 1999	Senior management changes
29 June 1999	Senate Report expected to add little

2000 financial year

15 July 1999	Quarterly Production & Exploration Report to 30 June 1999
19 August 1999	Full-Year results
21 October 1999	ERA Annual General Meeting
21 October 1999	Proposed Quarterly Profit, Production & Exploration Report to 30 September 1999 (unaudited)
20 January 2000	Proposed Half-Yearly Results
20 April 2000	Proposed Quarterly Profit, Production & Exploration Report to 31 March 2000 (unaudited)
30 June 2000	End of 2000 Financial Year

MANAGEMENT

R Cleary
Chief Executive
G Mallett
Chief Financial Officer
W Davies
*General Manager –
Marketing*
Dr A Milnes
*General Manager –
Environmental Services*

SECRETARY

G Mallett

AUDITORS

KPMG

