

# **Appendix 4E**

## **Energy Resources of Australia Limited**

**ABN 71 008 550 865**  
**ASX Preliminary final report – 31 December 2008**  
**Lodged with the ASX under Listing Rule 4.3A**

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**Energy Resources of Australia Limited**  
**Year ended 31 December 2008**  
(Previous corresponding period:  
Year ended 31 December 2007)

**Results for announcement to the market**

				2008 \$000	2007 \$000
<b>Revenue</b> from sales of uranium oxide	up	39%	to	495,557	356,511
<b>Revenue</b> from continuing operations	up	39%	to	504,049	362,353
<b>Profit/(loss)</b> after tax attributable to members	up	191%	to	221,785	76,089
<b>Net profit/(loss)</b> for the period attributable to members	up	191%	to	221,785	76,089
<b>EPS</b> (cents)				116.3	39.9
<b>Underlying earnings</b>	up	56%	to	118,998	76,089
<b>Dividends/distributions</b>			Amount per security		Franked amount per security
Final dividend			20 cents		30%
<b>Record date</b> for determining entitlements to the dividend				13 February 2009	

These financial results have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

**Review of operations**

ERA's net profit after tax for the full year ended 31 December 2008 was a record \$221.8 million, compared with \$76.1 million for the same period in 2007. Earnings before interest and tax (EBIT) were \$318.0 million (2007: \$108.0 million).

Underlying earnings of \$119.0 million was also a record.

As reported on 23 December 2008, ERA received a substantial settlement from its insurers in December 2008, settling all claims for the impact on ERA's operations, cashflows and financing position in 2006 and 2007 of the significant property damage and interruptions to business caused by the acid plant failure and Cyclone Monica in 2006 and the extreme rainfall event in late February 2007.

ERA incurred foreign exchange losses on repayment of the finance facility established in response to these events, due to the weakening of the Australian dollar over the period of the drawdown.

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**Results for announcement to the market**

**Reconciliation of net profit to underlying earnings**

<i>All after tax figures in \$ million</i>	<b>2008</b>	<b>2007</b>
Profit for the year	221.8	76.1
Non-recurring income/(expenses)		
Insurance recoveries	131.4	
Exchange gains/(losses) on US dollar debt	<u>(28.6)</u>	
Total excluded from underlying earnings	102.8	
Underlying earnings	<u>119.0</u>	<u>76.1</u>

Sales of uranium oxide for the year were 5,272 tonnes (2007: 5,324 tonnes). Revenue from the sale of uranium oxide for the year was \$495.6 million (2007: \$356.5 million), while total revenue rose to \$691.7 million (2007: \$362.4 million).

ERA's contractual sale price is only partially influenced by the current market prices due to its diversified and long term sales contract portfolio. The average realised sale price of uranium oxide was US\$32.53 per pound (2007: US\$25.06 per pound). On 31 December 2008 the spot market price was US\$52.50 per pound (2007: US\$89.50 per pound).

Approximately 40 per cent of ERA's sales were made in the fourth quarter of 2008. This, and the strengthening of the US dollar against the Australian dollar in the last three months of 2008 resulted in a favourable effective exchange rate of 79.3 cents for the year against 85.5 cents for 2007. The difference in effective exchange rates, along with the pre-tax hedging gain of \$18.5 million (2007: \$12.9 million), increased revenues from the sale of uranium oxide by \$40.4 million when compared with 2007. All remaining forward exchange contracts were exercised in January 2009. No new currency exchange contracts were entered into during the year.

Production in 2008 of 5,339 tonnes was in line with production from the previous year (2007: 5,412 tonnes). The 2008 annual production is the third highest annual production on record for the Ranger mine.

While revenues rose as a consequence of the rise in the average realised sale price, this was partially offset by a rise in employee and contractor expenses and raw materials and consumables costs. Employee and contractor costs were up primarily due to the expansion of mining and the additional expenditure on exploration and evaluation projects. Raw materials and consumables increases were primarily due to the increased price of diesel, lime and manganese dioxide, as well as increased usage of sulphuric acid due to a change in ore characteristics.

Capital spending rose in 2008 to \$166.8 million (2007: \$92.9 million) as a result of the investments in projects including the pit expansion, radiometric sorting plant, laterite plant, tailings dam lift, new tailings deposition system and a new water treatment plant facility.

**Exploration and Evaluation**

During the year ERA invested a pre-tax amount of \$29 million on exploration and evaluation and this was expensed to the profit and loss account. ERA's exploration program has resulted in the discovery of a very significant ore body in Ranger 3 Deeps. Work in and around the current pit has also yielded further increases in resources through the lowering of the cut-off grade. Ranger's current reserves and resources of 159 thousand tonnes of contained uranium exceed by over 50% ERA's total production from inception to date.

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## **Results for announcement to the market**

### **Dividends**

ERA Directors have declared a final dividend for the year of 20 cents per share, fully franked at 30 per cent. The ex-dividend date will be 9 February 2009. The dividend will be paid to shareholders on the register at the close of business on Friday 13 February 2009 and will be paid on Friday 27 February 2009. An interim dividend of 8 cents per share (2007: nil) was paid on 9 September 2008 bringing the total dividends payable to shareholders for the 2008 year to 28 cents per share, fully franked (2007: 20 cents per share).

### **Outlook**

ERA expects sales tonnes in 2009 to be slightly higher than in 2008, possibly accompanied by a modest replenishment of inventory.

Initial production from the laterite and radiometric sorting plants will occur in 2009. In the next six months, it is expected that the prefeasibility study will be concluded into the development of a heap leach facility to enable extraction of 15,000 to 20,000 tonnes of uranium oxide contained in low grade mineralised material, both in situ and on stockpile.

Studies are also continuing on the Ranger 3 Deeps target, and it is likely that the target mineralisation would need to be accessed by an underground decline for further exploration and evaluation. Based on current projections, ERA has sufficient cash on hand to take the expansion studies to a bankable feasibility level without recourse to further financing.

In 2008, ERA completed an expansion of the water treatment plant to increase by over 100 per cent the capacity of the plant to treat pond water. Modifications to the process water circuit of this plant are underway and treatment of process water is expected to commence in the first half of 2009. Studies are well advanced to examine options to further increase treatment rates of process water and are likely to result in the construction of further water treatment facilities.

In summary, the outlook for uranium mining appears positive. ERA continues to position itself to benefit from this by seeking opportunities to add value by expanding, extending and accelerating output.

**Energy Resources of Australia Limited**  
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**Preliminary consolidated income statement**

	2008 \$000	2007 \$000
<b>Revenue from continuing operations</b>	<b>504,049</b>	<b>362,353</b>
Other income	187,699	-
Changes in inventories	62,881	47,328
Raw materials and consumables used	(123,704)	(88,159)
Employee benefits and contractor expenses	(164,545)	(121,816)
Government and other royalties	(24,905)	(18,298)
Commission and shipping expenses	(9,166)	(9,758)
Depreciation and amortisation expenses	(47,277)	(45,644)
Financing costs	(56,855)	(13,871)
Statutory and corporate expense	(11,144)	(5,021)
Other expenses	(4,463)	(8,748)
<b>Profit before income tax</b>	<b>312,570</b>	<b>98,366</b>
Income tax expense	(90,785)	(22,277)
<b>Net profit attributable to members of ERA</b>	<b>221,785</b>	<b>76,089</b>

**Energy Resources of Australia Limited**  
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**Preliminary consolidated balance sheet**

	2008 \$000	2007 \$000
<b>Current assets</b>		
Cash and cash equivalents	106,894	17,729
Receivables	51,931	131,207
Inventories	116,374	87,254
Derivative financial instruments	1,705	16,621
Other	712	1,201
<b>Total current assets</b>	<b>277,616</b>	<b>254,012</b>
<b>Non-current assets</b>		
Inventories	146,614	107,154
Undeveloped properties	203,632	203,212
Property, plant and equipment	490,850	368,612
Investment – Trust Fund	51,698	48,088
Derivative financial instruments	-	4,275
<b>Total non-current assets</b>	<b>892,794</b>	<b>731,341</b>
<b>Total assets</b>	<b>1,170,410</b>	<b>985,353</b>
<b>Current liabilities</b>		
Payables	80,096	48,726
Interest bearing liability	-	55,500
Current tax liabilities	84,863	19,769
Provisions	22,858	9,254
Deferred income	-	10,192
<b>Total current liabilities</b>	<b>187,817</b>	<b>143,440</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	39,784	50,245
Provisions	183,882	185,646
<b>Total non-current liabilities</b>	<b>223,666</b>	<b>235,891</b>
<b>Total liabilities</b>	<b>411,483</b>	<b>379,331</b>
<b>Net assets</b>	<b>758,927</b>	<b>606,021</b>
<b>Shareholders' equity</b>		
Share capital	214,585	214,585
Reserves	390,935	406,407
Retained profits	153,407	(14,971)
<b>Total shareholders' equity</b>	<b>758,927</b>	<b>606,021</b>

**Energy Resources of Australia Limited**  
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**Preliminary consolidated statement of changes in equity**

	2008 \$'000	2007 \$'000
<b>Total equity at the beginning of the year</b>	606,021	552,491
Cash flow hedges, net of tax	(13,433)	(2,186)
<b>Net income recognised directly in equity</b>	<b>(13,433)</b>	<b>(2,186)</b>
Profit for the year	221,785	76,089
<b>Total recognised income and expense for the year</b>	<b>208,352</b>	<b>73,903</b>
Employee share options	(2,039)	608
Dividends paid	(53,407)	(20,981)
<b>Total equity at the end of the year</b>	<b>758,927</b>	<b>606,021</b>

**Energy Resources of Australia Limited**  
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**Preliminary consolidated statement of cash flows**

	2008 \$000	2007 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	677,598	352,798
Payments to suppliers and employees (inclusive of goods and services tax)	(425,519)	(254,241)
	<u>252,079</u>	<u>98,557</u>
Insurance recoveries	187,699	-
Interest received	1,777	1,087
Borrowing costs paid	(5,430)	(3,831)
Income taxes paid	(30,389)	(28,977)
<b>Net cash inflow from operating activities</b>	<b>405,736</b>	<b>66,836</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(166,818)	(92,932)
Proceeds from sale of property, plant and equipment	1,601	195
<b>Net cash (outflow) from investing activities</b>	<b>(165,217)</b>	<b>(92,737)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	216,849	78,500
Payment of borrowings	(313,134)	(28,000)
Employee share option payments	(1,842)	(425)
Dividends paid	(53,407)	(20,981)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(151,534)</b>	<b>29,094</b>
<b>Net (decrease)/increase in cash held</b>		
Cash at the beginning of the financial year	88,985	3,193
Effects of exchange rate changes on cash	17,729	14,629
<b>Cash at the end of the financial year</b>	<b>106,894</b>	<b>17,729</b>

**Energy Resources of Australia Limited**  
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**Additional information for announcement to the market**

**Additional dividend/distribution information**

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2008 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
26 August 2008	9 September 2008	Interim	8.0 cents	\$15.259 m	8.0 cents
13 February 2009	27 February 2009	Final	20.0 cents	\$38.148 m	20.0 cents

**Retained earnings**

	2008 \$'000	2007 \$'000
Retained earnings at the beginning of the financial year	(14,971)	(70,079)
Net profit attributable to members of Energy Resources of Australia	221,785	76,089
Dividends provided for or paid	(53,407)	(20,981)
Retained profits at the end of the financial year	<u>153,407</u>	<u>(14,971)</u>

**Net tangible asset backing**

	2008	2007
Net tangible asset backing per ordinary share	4.0	3.2

**Audit**

This report is based on accounts that are in the process of being audited.