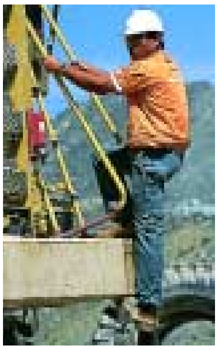
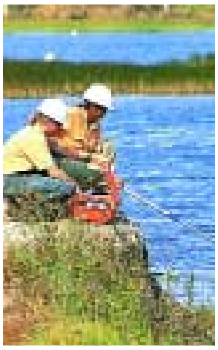
2001 ANNUAL REPORT


ENERGY RESOURCES OF AUSTRALIA LTD

ABN 71 008 550 865

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2001 ANNUAL REPORT

Construction of the Ranger Mine began January 1979. The image below shows building of the mill's counter current decantation units.
13 August 2001 marked the twentieth anniversary of Ranger's first drummed product.

CONTENTS

Company Profile

Trevor Beckman, Fitter Machinist, working on a drive shaft in the workshop at Ranger Mine.

Energy Resources of Australia Ltd (ERA) is the world's fourth-largest uranium producer. ERA mines uranium ore and processes uranium oxide at the Ranger Mine in the Northern Territory to sell to power utilities in Japan, South Korea, Europe and North America under strict international safeguards.

The Company aims to maximise profitable sales through secure medium and long term sales contracts and expects to produce ore from its Ranger #3 open pit until at least 2009. ERA also holds title to the Jabiluka deposit located 22.5 kilometres north of the existing Ranger facilities. The Jabiluka project is under environmental care and maintenance.

As ERA's operations are located on Aboriginal land, it is the Company's desire to progressively involve Aboriginal people more meaningfully in key areas of ERA's business through a relationship of openness, trust and mutual respect.

ERA is a 68.4 per cent owned subsidiary of Rio Tinto, a diversified resource company, and has strong shareholder–customer links with electricity utilities around the world.

Highlights

- Continued record of no detrimental impact on surrounding environment
- $16 million profit after tax for the 18-month period
- New sales contracts signed and extensions agreed
- Twenty-first anniversary of the incorporation of ERA on 8 February 2001
- Twentieth anniversary of Ranger's first drummed product on 13 August 2001.
- Opening of a dedicated Aboriginal Training Centre
- Successful piloting of an innovative process water treatment development

Vision and Values

The ERA Management Team has committed to:

Our People Unlocking the Future's Energy

Underlying this, we will:

- assist our employees to achieve their goals and potential;
- support the communities around our operations to achieve their aspirations;
- establish stronger relationships with Aboriginal people as the basis of a long-term partnership;
- maximise profit and shareholder value through cost efficiency and strategic use of resources;
- deliver value to our customers so that they can deliver low-cost greenhouse-friendly electricity to their customers; and
- manage ERA's business based upon the principles of sustainable development.

2002 Objectives

ERA's Corporate Objectives for 2002 are to:

- implement a safety improvement program with the ultimate goal of making ERA workplaces the safest in Australia;
- negotiate and implement a new Ranger Mining Agreement with the Northern Land Council that will realise better outcomes for Aboriginal people who have an interest in our operations;
- initiate a business improvement process that will significantly enhance operational and financial performance and consequently improve shareholder value;
- continue to protect the surrounding environment and respect the World Heritage values of the Kakadu National Park; and
- strive to develop stronger and closer relationships with its customers and support them with the highest level of service.

Chairman's and Chief Executive's Report

During the reporting period, Rio Tinto gained a majority ERA shareholding of 68.4 per cent. As a consequence and as advised at the October 2001 shareholder meeting, ERA changed its financial year-end date from 30 June to 31 December. This Annual Report to shareholders therefore details the Company's performance during the 18-month period from 1 July 2000 to 31 December 2001.

ERA reported a profit after tax of $16.0 million during the period (1999/2000: $34.7 million) with earnings before interest and tax recorded at $36.5 million (1999/2000: $46.3 million). The Company recognises this as a disappointing result and is taking steps to improve ERA's business. This includes commencement of a business improvement process designed to strengthen ERA's long-term viability through achieving significantly improved operating efficiencies.

The average spot price for the period was US$8.41 per pound U_3O_8, down 10 per cent on the previous year (1999/2000: US$9.34 per pound U_3O_8). Total dividends of 8 cents per share were announced (1999/2000: 49 cents per share including a special dividend of 31 cents per share).

During the period, ERA sold 6,345 tonnes U_3O_8 (1999/2000: 4,514 tonnes U_3O_8) and signed a number of new contracts and contract extensions. Sales were less than production resulting in increased inventory levels. This prompted a reduction in output during the latter part of 2001.

Improved community relationships remained a key driver for the Company. During the period, ERA established a dedicated Aboriginal Training Centre to encourage greater Aboriginal involvement in the Company and supplement other regional approaches to improved Aboriginal employment. Aboriginal people now represent about 21 per cent of the Ranger workforce. ERA paid $11.2 million in Ranger royalty payments to the Commonwealth Government and paid $1.6 million in royalties under the terms of the Jabiluka agreement during the same period.

The Agreement between the Commonwealth Government and the Northern Land Council (NLC) regarding activities on the Ranger Project Area continued to be renegotiated with financial, social and environmental conditions all being reviewed.

Ranger processed 2.5 million tonnes of ore (1999/2000: 1.5 million tonnes) and produced 6,564 drummed tonnes U_3O_8 (1999/2000: 4,144 tonnes U_3O_8). Anticipated sales, less inventory draw down, will require production to be between 4,000 and 4,500 tonnes U_3O_8 this year. Based on current information, mining at Ranger #3 is expected to continue to at least 2009.

The Jabiluka site is under environmental care and maintenance. Any further development is dependent on approval and support of the NLC and Traditional Owners, further feasibility studies and market conditions.

The Ranger operation.

Piter Leber, Mine Shift Plant Technician, with Caterpillar 785B Haul Truck.

A new wetland water treatment system was trialled, and ERA devoted significant resources to the successful development of an innovative process water treatment system. The high environmental standards of the Company have been maintained with no significant environmental infringements at ERA's operations.

Six lost-time injuries occurred at the Ranger operations during the reporting period. While those injured have returned to normal work duties, ERA regards this number of injuries as unacceptable. Following a safety review by Du Pont Safety Resources, ERA has embarked on a safety improvement program.

Table 1: Highlights

	2001*	2000**
Financial, $ million		
Sales revenue	232.8	188.9
Operating profit before tax	29.6	44.3
Income tax expense	13.6	9.6
Operating profit after tax	16.0	34.7
Total assets	811	808
Share capital	214.6	214.6
Capital and reserves	605.7	604.9
Earnings per share, cents	8.4	18.2
Return on shareholders' equity, per cent	2.6	5.7
Dividend per share, cents	8.0	49.0
Production		
Ore mined, million tonnes	3.189	2.358
Ore milled, million tonnes	2.505	1.468
Mill head grade, per cent U_3O_8	0.290	0.299
Total Production, tonnes U_3O_8 drummed	6,564	4,144
Sales, Tonnes		
Ranger	5,937	4,511
Other	408	3
Total	6,345	4,514

* Figures represent the 18-month period 1 July 2000 to 31 December 2001
** Figures represent the 12-month period 1 July 1999 to 30 June 2000

Finance

$232.8 million in sales revenue

Profit after tax was $16.0 million for the 18-month period (1999/2000: $34.7 million) with earnings before interest and tax at $36.5 million (1999/2000: $46.3 million).

This was primarily a result of lower product pricing, exchange related losses and the expensing of care and maintenance expenditure incurred on the Jabiluka project (previously capitalised).

Exchange related losses of $47.1 million have been recognised as a reduction in sales revenue for the period. There are US$96 million of foreign currency exchange contracts at an average rate of 62 cents due to mature in 2002. In addition, the Company has hedge contracts comprising approximately US$45 million per year at an average rate of 65 cents maturing during the period 2003–2008. The Company has not entered into any new hedges during the period.

Sales were recorded at 6,345 tonnes U_3O_8 (1999/2000: 4,514 tonnes U_3O_8) at the average spot price of US$8.41 per pound U_3O_8 (1999/2000: US$9.34 per pound U_3O_8).

Sales revenue reached $232.8 million (1999/2000: $188.9 million).

Production drummed was 6,564 tonnes U_3O_8 (1999/2000: 4,144 tonnes U_3O_8). Production is expected to be between 4,000 and 4,500 tonnes U_3O_8 in calendar year 2002 in line with expected sales for the next year.

Total dividends of 8 cents per share were announced during the 18-month period (1999/2000: 49 cents including a special dividend of 31 cents per share).

The Directors declared a final dividend of 2 cents per share (1999/2000: 8 cents per share). The dividend will be fully franked at 30 per cent and will be paid on 28 February 2002. The record date for the dividend was 14 February 2002. The first interim dividend of 3 cents per share (1999/2000: 10 cents per share) was paid on 28 February 2001 and the second interim dividend of 3 cents per share was paid on 21 September 2001.

At 31 December 2001 ERA's borrowings stood at $76 million (30 June 2000: $58 million). A strong cash flow is expected in the following financial year to reduce this debt.

Capital expenditure of $7.6 million (1999/2000: $12.1 million) was related to standard sustaining work at Ranger.

Operations

3.2 million tonnes of ore mined

Mining

Mining continued in the Ranger #3 open pit with 11.5 million tonnes of total material and 3.2 million tonnes of ore mined for the period. The mining schedule was tailored to seasonal conditions in the region with mining focussing on the higher benches during the wet season.

A new stockpile area was constructed near the Ranger Pit #3 to significantly improve productivity and reduce haulage costs. To improve efficiency further, a single Komatsu WA900 loader was ordered to replace existing equipment and will be commissioned during the first quarter of 2002.

A number of environmental water management improvement projects were researched and developed during the reporting period. Selected stockpiles were encapsulated, compacted and sheeted to direct water from these areas to a new wetland filter treatment facility. The existing wetland filter beside Retention Pond #1 was extended.

In the current plans, mining at Ranger #3 is expected to continue until at least 2009, after which the pit will be utilised for storage of process residue.

Processing

Feed to the processing plant consisted of 2.5 million tonnes of ore at a grade of 0.29 per cent U_3O_8. While processing during the six months to December 2000 was impacted by low equipment availability and metallurgical process difficulties, this situation was rectified in the 2001 calendar year.

Table 2: Mining — Million tonnes

YEAR ENDED 30 JUNE	2001*	2001**	2000	1999
Ore mined, cut-off grade 0.12% U_3O_8				
to process plant	0.425	0.259	0.305	0.522
to stockpile	2.746	1.539	2.053	1.974
total ore mined	3.189	1.797	2.358	2.496
Low grade mineralisation	4.875	3.392	2.867	4.158
Waste rock	3.444	2.443	1.657	1.185
Total tonnes mined	11.508	7.633	6.882	7.839

Table 3: Milling — Million tonnes

YEAR ENDED 30 JUNE	2001*	2001**	2000	1999
Ore milled, million tonnes				
from mine	0.425	0.259	0.305	0.522
from stockpile	2.080	1.576	1.163	1.305
total ore milled	2.505	1.835	1.468	1.827
Mill head grade, per cent U_3O_8	0.290	0.279	0.299	0.267
Milling rate, tonnes per hour	222.0	237.0	199.0	280.0
Mill recovery, per cent	90.51	91.21	91.50	91.04
Total production, tonnes U_3O_8				
Drummed	6,558	4,606	4,144	4,375
Product grade, per cent U_3O_8	98.82	98.7	98.59	98.9

* reflects period 1 July 2000 to 31 December 2001
** reflects period 1 July 2000 to 30 June 2001

Operations continued

Ranger Mine – Pit #3. Hitachi EX2500 Excavator and haul trucks.

Table 4: Ore Reserves & Mineral Resources

	AS AT 31 DECEMBER 2001			AS AT 30 JUNE 2000		
	ORE (Mt)	GRADE ($\%U_3O_8$)	CONTAINED U_3O_8 (t)	ORE (Mt)	GRADE ($\%U_3O_8$)	CONTAINED U_3O_8 (t)
Stockpile	7.9	0.20	15,924	7.1	0.19	13,843
Ranger #3						
In situ, cut-off grade 0.12%						
Proved	2.1	0.28	5,148	2.4	0.28	6,807
Probable	11.9	0.27	33.169	12.5	0.29	36.676
Total Proved and Probable	14.0	0.27	38,317	14.9	0.29	43,483
Total Ranger #3 Proved and probable cut-off grade 0.12%	21.9	0.25	54,241	22.0	0.26	57,326
Ranger Mineral Resources						
			INCLUSIVE OF RESERVE			
Measured	2.7	0.24	6,350	3.0	0.26	8,077
Indicated	18.9	0.25	46,721	18.6	0.26	48,923
Subtotal Measured and Indicated	21.6	0.25	53,071	21.6	0.26	57,000
Inferred	6.4	0.19	11,983	12.4	0.19	23,251
Total Resources	28.0	0.23	65,054	34.0	0.24	80,251
Jabiluka Ore Reserves						
Upgrade cut-off grade 0.2%						
Proved	6.8	0.57	39,000	6.8	0.57	39,000
Probable	7.0	0.45	32,000	7.0	0.45	32,000
Total Proved and Probable	13.8	0.51	71,000	13.8	0.51	71,000
Jabiluka Mineral Resources						
Cut-off grade 0.2%						
			INCLUSIVE OF RESERVE			
Measured	6.8	0.67	46,000	6.8	0.67	46,000
Indicated	8.5	0.50	42,000	8.5	0.50	42,000
Subtotal Measured and Indicated	15.3	0.57	88,000	15.3	0.57	88,000
Inferred	15.7	0.48	75,000	15.7	0.48	75,000
Total Resources	31.1	0.53	163,000	31.1	0.53	163,000

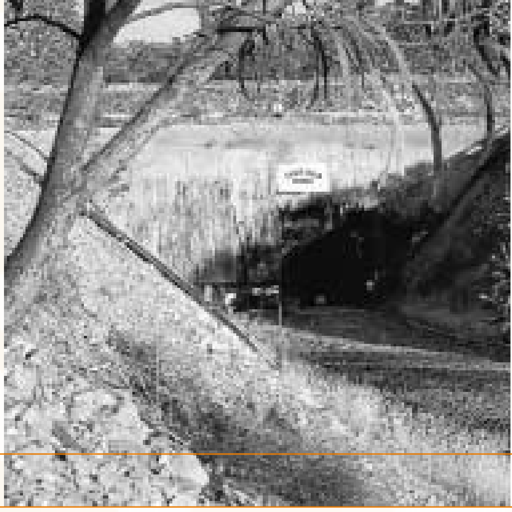
Note 1: The ore reserves and mineral resources have been compiled by L Hughes (Ranger) and A van der Heyden, R McMahon and A Browne (Jabiluka). All are Competent Persons as defined in Appendix 5A of the ASX Listing Rules and this report reflects accurately the information compiled by them.

The Ranger #3 resource and reserve statement was compiled by ERA mine geologists in conjunction with Hellman and Schofield Geological Consultants. The authors are L Hughes (Senior Mine Geologist, ERA) and A van der Heyden (Resource Geologist, Hellman and Schofield), Competent Persons under Appendix 5A of the ASX Listing Rules.

Note 2: The Jabiluka Ore Reserves are derived from the Measured + Indicated Mineral Resources.

Note 3: Approximately 6 per cent of the Jabiluka Total Ore Reserve tonnage is derived from material in the Inferred Mineral Resource category. Blocks from this category are included when these blocks fall within stope boundaries predominantly intersecting blocks from the Measured and Indicated Mineral Resource. The ore tonnage from Inferred has been included within the Probable Ore Reserve category to reflect the confidence level more closely.

Note 4: For Jabiluka, rounding as at 30 June 2000 indicates degree of confidence (ore tonnage to nearest hundred thousand; grade to nearest hundredth of a per cent; contained metal oxide tonnage to nearest thousand).



Entrance to Jabiluka Mine.

Ore Reserves and Mineral Resources

RANGER

In 2001 ERA completed a 5,740 m reverse circulation drilling project. The drill results were compiled into a new resource model. The total resource has decreased by 15,197 tonnes of U_3O_8 from 80,251 to 65,054 tonnes of U_3O_8. Approximately half of this reduction is from the milling of ore. The remainder is from reductions in the inferred ore category caused by:

(i) Drill results from outside the final pit wall in the southeast, where the holes were barren.

(ii) Tighter model parameters being applied to the inferred ore category and the geological boundary of the upper mine sequence.

Pit designs were optimised for this new resource to maximise the value of the project. At 54,241 tonnes of U_3O_8 the new pit and stockpiles contain an additional 4,375 tonnes of U_3O_8 (after taking into account production for the period) resulting from the drilling program.

JABILUKA

The Jabiluka project remains on environmental care and maintenance. The underground workings have been maintained in an accessible condition and the site is open for inspection. The Mineral Resource and Ore Reserves at Jabiluka have not changed since the last statement. The Jabiluka mineralisation remains open to the east and at depth.

Employees

Ranger Mine crew wearing emergency response equipment for fire drill.

As at 31 December 2001 ERA had 231 employees of which more than 96 per cent are covered by individual Australian Workplace Agreements.

The 18-month reporting period saw continuing development of ERA with the ongoing drive toward the Company's desired organisational culture and aligning with Rio Tinto values and procedures. There were three key areas where the business focussed its attention:

- Creating a work environment where employees feel accountable for their own safety as well as for the safety of their co-workers.
- Empowering employees to make decisions, accept additional challenges and to receive recognition for acceptance of these challenges and delivery of results.
- Aligning ERA's remuneration and reward processes with those of Rio Tinto.

During 2001, ERA was recognised as one of the top ten Australian organisations with less than 500 employees for the Inaugural Business Achievement Award: 'Leading Organisation for the Advancement of Women.' With more than 2,500 entries, the Award organisers – the Equal Opportunity for Women in the Workplace Agency – commented that the number of female employees (51) at ERA was high given the industry and the remoteness of the mine's location.

"We were particularly impressed with the work you are doing in achieving excellent recruitment and promotion outcomes for women, especially through the indigenous traineeship program. Your focus on preventative education to manage workplace behaviour is very encouraging."

Ms Fiona Karautil, Director,
Equal Opportunity for Women in the Work Place Agency

Safety and Health

ERA recorded six lost-time injuries during the reporting period. These occurred at the Ranger operations and those employees affected have returned to normal work duties, ERA regards these and all incidents as being preventable.

ERA acknowledges the priority of improving safety performance and all employees have committed to the goal of making ERA workplaces the safest within Australia. Following commitment to a new safety direction, a strategic review of safety conducted by Du Pont Safety Resources was undertaken in early 2001. A safety training and observation program for all employees and contractors was subsequently undertaken over a six-month period.

Safety observations require Managers, Superintendents and Supervisors to systematically engage employees in the workplace in discussing and resolving safety issues. In addition, every manager has committed to the provision of safety leadership and increased opportunities for employee involvement in safety improvements. The initiatives are having a positive impact on ERA's safety culture with lost-time rates declining. The operation has not had a lost-time injury since 2 July 2001.

"Participating in an empowered team in Mill Maintenance means being more aware of the tasks required to complete a job, rather than limiting employee involvement to the task that only affects them directly. This provides a better appreciation of all the steps involved in making a job happen thereby encouraging team members to fully consider how to best use the available resources. Like any process involving people, the empowered team process is not perfect but it is providing a workplace where employees are engaged and can more effectively draw on their fellow workmates' knowledge to complete a job more efficiently."

Darren Forrester, Trade Technician and Geoff Crowhurst,
Team Leader, Mill Maintenance

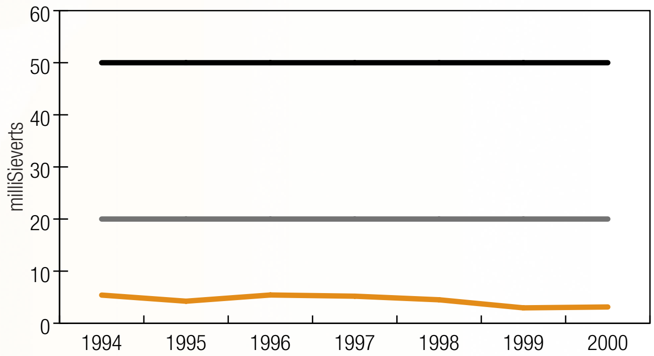
Goal of making ERA workplaces the safest within Australia

Radiation Levels

The radiation exposure pathways at ERA's operations are comprehensively measured and reported throughout the year. The graph, opposite, depicts the radiation levels for the most exposed groups of employees with remaining employees and the community receiving substantially less exposure. The graph also depicts the exposure in comparison with Australian as well as internationally recommended limits.

The United Nations Scientific Committee on the Effects of Atomic Radiation reports (2000 Report to the UN General Assembly) that: *"the worldwide annual exposures to natural radiation sources would generally be expected to be in the range 1–10 mSv, with 2.4 mSv being the present estimate of the central value."*

Designated Employee Mean Annual Radiation Dose



1. Black line = 50 milliSieverts which is the maximum recommended dose per year
2. Grey line = 20 milliSieverts which is the average recommended dose per year (the recommended limit is 100 milliSieverts over any 5 year period)
3. Orange line = ERA Ranger average annual dose to designated workers
4. There are over 100 designated workers at Ranger
5. Designated workers are those with the potential to exceed 5 milliSieverts per year

"I have worked at ERA for a number of years, both as a contractor and employee, and I see the increased awareness of safety in the workplace as the most obvious change during my association with the Company. Employees' attitudes are changing and I see that as the biggest hurdle. I have more confidence in my workplace surrounds and feel others also sense this. The safety message is getting through to all employees and we have certainly elevated ourselves to the next level, ultimately on the way to achieve zero injury level".

Lance Miller, Instrument Technician, ERA

Environment

Striving for high standards through consultation

Consultation between ERA, supervising authorities and key stakeholders regarding environmental performance at both Ranger and Jabiluka continued through a number of formal channels.

During the reporting period, there were 16 Minesite Technical Committee meetings. These involved representatives of the Commonwealth Government's Supervising Scientist, the Northern Territory Department of Business, Industry and Resource Development and the Northern Land Council (NLC) and are designed to develop and evaluate operational environmental management programs. A program of monthly Routine Periodic Inspections involving external stakeholders was initiated during 2001.

Complementing regular independent check monitoring, the Supervising Scientist, the Northern Territory Government and the NLC undertook annual environmental audits of both Ranger and Jabiluka sites. The audit protocols were based upon the requirements of ISO 14001. Another stakeholder group, the Alligator Rivers Region Advisory Committee, which also includes representatives of the local Aboriginal community, Parks Australia North and environmental groups met four times during the reporting period and reviewed the ISO 14001 audit.

In addition, the first meeting of the reconstituted Alligator Rivers Region Technical Committee (ARRTC) met during November 2001. Representation on this Committee, which reviews and recommends environmental research to minimise potential impacts of uranium mining in the region, had been revised as part of the Commonwealth Government's World Heritage commitments. ARRTC now includes a majority of eminent Australian scientists selected by the Federation of Australian Scientific and Technological Societies.

In addition to these formal reporting structures, ERA continued to host numerous site visits for local Aboriginal people, environmental groups and interested parties.

Rainfall at Ranger during the 2000/01 Wet season was 1,890 mm, well above the average of 1,500 mm. This led to an increase in water volumes stored in the Ranger system. In order to ensure water inventory remains well managed, two new wetland filtration systems were constructed at the site. Wetland filtration involves a natural complex of chemical and biological processes that remove heavy metals from the water prior to its passage to irrigation areas within the site. These processes mimic the processes characteristic of natural wetland swamps and billabongs in the 'Top End' of the Northern Territory.

Process residue continued to be pumped directly into the Pit #1 repository by means of central deposition. No water is released from the process residue dam or the Pit #1 repository. The density of process residue continued to meet statutory requirements. Successful piloting of innovative process water treatment technology now allows advancement to a full-scale treatment and disposal system.

In line with commitments that Ranger and Jabiluka would not be in full production simultaneously, the Jabiluka project remains on environmental care and maintenance. During the 2000/01 Wet season 1,924 mm of rain fell at Jabiluka. A review of water management at Jabiluka, consistent with the ANZECC water quality guideline approach, resulted in approval on 11 October 2001 for irrigation of pond water within the site. Future water and environmental management strategies for Jabiluka will be determined through continuing consultation with key stakeholders.

Water Resources Technical Assistant Kia Hodgson, and Environmental Officer, Nadine Riethmuller, monitor water at Retention Pond #1, at Ranger Mine.

Environmental Field Officer, Lizzy Huddleston, with a tray of seedlings for use in rehabilitation programs.

ERA continued its policy of progressive rehabilitation with 12 hectares of land rehabilitated at Ranger during the reporting period. Through consultation with stakeholders, the Ranger Rehabilitation Trust Fund, which provides for estimated rehabilitation costs in the event that mining ceases prematurely, stood at $42 million as at 31 March 2001. Funds for rehabilitation for Jabiluka stood at approximately $2.5 million as at 31 October 2001.

ERA reports any incidents which may impact on environmental requirements and conditions and aims to continually improve methods designed to manage the risks associated with its operations. During the 18-month period there were no incidents at ERA's operations that were considered by the authorities to have any detrimental impact on the surrounding environment. This is evidenced through the Supervising Scientist's statement in the 2000/2001 Annual Report:

"The summary reports for the audits noted that there is a high standard of environmental management and protection being employed and achieved at Ranger."

And in relation to Jabiluka:

"The Jabiluka Project continued to be managed to a high standard with no off-site adverse environmental impacts."

Earth–Water–Life Sciences

Earth-Water-Life Sciences (EWLS) Pty Ltd is a wholly owned subsidiary of ERA that provides specialist environmental consultancy services to ERA and external customers. EWLS revenue for the 18-month period was $3.4 million of which $1.0 million was generated from external projects.

During the past 18 months, EWLS has provided expert assistance with operational requirements (for example, development of water treatment options at Ranger and Jabiluka), as well as conducting environmental research on issues of long-term strategic importance to ERA. This has focussed on factors affecting surface and groundwater quality, modelling options for the capping and rehabilitation of the open cut pits, and addressing the types of plant and animal communities that will need to be established following decommissioning of the site at the end of mine life.

EWLS and ERA's research and development work relating to large scale wetland treatment for mine-water at the Ranger Mine was a finalist in the Innovation category in the Australian Minerals and Energy Environment Foundation Best Practice Awards.

"For me, good environmental performance is more than an obligation, it's the foundation for sustainable development and my personal responsibility as a member of the community, and professional responsibility as an employee of the Company."

Anja Zimmerman, Plant Ecologist, EWLS

Jason Christofic (left) from Occtech, and Ronald Golder, ERA trainee, inspect the pilot plant of an innovative process water treatment at Ranger.

Research and Development

Research and development activities remained a key focus for ERA during the period as resources were allocated to exploring and testing a range of methods to improve operational and environmental management. Thirty research and development projects were undertaken.

Work relating to the development of an innovative system to improve process water management has been of particular interest during 2001. As part of a cooperative solution, ERA worked with representatives from EWLS, the Australian Nuclear Science and Technology Organisation (ANSTO), Rio Tinto Technical Services and industry representatives to research and test process water management concepts.

Originally developed within ERA, the concept to reduce the volume of mill process water was tested at the laboratory scale at ANSTO during mid 2001. Following laboratory testing and ongoing consultations with stakeholders, ERA constructed and successfully operated this concept as a pilot plant at the Ranger mine site during late 2001. It is anticipated that implementation of a full-scale plant will proceed with completion scheduled for December 2002.

The construction of a major stockpile beside Ranger Pit #3 provided further environmental research and development incentives. Looking forward, this stockpile provides an analogue of the style of a final landform, and so construction of the stockpile has required special effort in terms of minimising seepage losses to groundwater and capping structures that permit rainfall runoff of suitable quality to be discharged to constructed wetlands or natural woodlands.

"I am a strong believer in best environmental practice for the use of all natural resources. Even though the mining industry contributes significantly to the Australian economy, it is vital that this is done with minimal impact to the surrounding ecosystems. Considering the surrounding World Heritage listed Kakadu National Park, I enjoy being part of a team that constantly strives to achieve such high standards on the Ranger and Jabiluka Leases."

Stephanie Myles, Environmental Officer, ERA

Improving operational and environmental management

Community

Opportunities
to build lasting partnerships

ERA sustained and introduced a number of positive community related activities throughout the reporting period. The Company continued to offer local Aboriginal people the opportunity to undertake further education and training. Aboriginal people now represent approximately 21 per cent of the Ranger workforce.

During 2001 ERA established the Inganarr Aboriginal Training Centre dedicated to assist the education and development of Aboriginal people based on their own individual needs and expectations. Twelve Aboriginal people have participated in the program to date undertaking a variety of accredited courses including numeracy, literacy, workplace safety, environmental management, St John's first aid, computer skills and driver training. Ultimately the traineeship program aims to provide effective pathways, greater opportunities and choice to local and regional Aboriginal people.

Aboriginal employees completed a variety of courses through the Workplace English Literacy and Language program to further enhance their skills and career development. Approximately 20 employees participated in the 2001 program that offered training in six areas of learning. A collaborative approach between ERA and the Northern Territory University was adopted to provide instruction to employees utilising the Inganarr Training Centre.

David Webb, Aboriginal Training Coordinator speaks with CDEP workers John Kulwain and Wesley Dhamarrandji .

In order to increase Aboriginal involvement, responsibility and career development, senior Aboriginal employees represented the Company at a number of local and regional forums. This representation enables Aboriginal employees to participate in regional committees that have been established to discuss issues impacting Aboriginal people. ERA employees have been encouraged to participate in the development and implementation of strategies that involve Aboriginal people, groups and communities within the West Arnhem region. These forums include:

- Kakadu Region Social Impact Study
- Indigenous Mining Enterprise Taskforce
- Minesite Technical Committee
- Alligator Rivers Region Advisory Committee
- Gunbang Action Group

The Company maintained its support for the Djabulukgu Association operated Community Development Employment Program (CDEP) in Jabiru and the Arrguluk scheme at Oenpelli. These programs involve about 250 Aboriginal participants and provides effective avenues to develop employment and training opportunities for Aboriginal people within the region.

ERA paid $11.2 million in Ranger royalty payments to the Commonwealth Government during the 18-month period. These monies are ultimately distributed to Aboriginal groups. A total of $179.5 million has been paid for Ranger since the inception of the project. $1.6 million was paid in royalties under the terms of the Jabiluka agreement during the same period and payments for Jabiluka now total $7.1 million.

"After some years experience in business banking, I have enjoyed using my enterprise skills in Aboriginal business and vocational training. As an ERA employee seconded to the Arrguluk and Jabiru CDEPs. ERA's support for the CDEP program has added a valuable professional element to the outcomes for the programs. Success is demonstrated by the benchmark of being winner for the last three years of 'Best CDEP' in the Northern Territory. Additionally, Jabiru CDEP and Arrguluk development programs have improved community wellbeing through vocational training, resulting in unsubsidised work for more than 28 local Aboriginal people and the establishment of five new business units."

David Webb, Aboriginal Training Coordinator

Community continued

"I started with ERA in the Jabiru 'School to Work' Program which allows students to experience the 'real world' to see if they are suited to a particular work place. I chose to work at Ranger because most other students seemed to be going to Parks and I wanted a different experience than my classmates. I had a good introduction to working at Ranger in this eight-week program and decided I would like to apply for a job with ERA.

I was taken on in the Inganarr Traineeship in February 2001 because I had a good work record through the 'School to Work' Program. I set a goal of doing the best job possible during my training year so that I might qualify for an apprenticeship the following year. During my traineeship I worked in ERA's Environmental Nursery and Mechanical Workshop and completed a Level II Horticulture course and a Certificate of Attainment from the NTU in reading. I also received my St John Ambulance First Aid Course certificate and a forklift ticket. I did independent study on automotive mechanics and worked on safety books and algebra.

I feel that the traineeship is a good way of gaining experience and training to qualify for jobs in the mining industry or elsewhere. I have accomplished my goal and started my apprenticeship training in Fitting and Turning at ERA in 2002."

Josh Lewis, Apprentice Fitter and Turner

Table 5: Value Added — $ million

YEAR ENDED 30 JUNE	2001*	2001	2000	1999
Value Added				
Sales & other revenue	234.5	161.9	192.6	174.5
Less cost of materials & services	86.2	68.2	61.1	51.0
Total Value Added (Wealth created by ERA)	148.3	93.7	131.5	123.5
Distribution of Created Wealth				
Employees' salary & wages	21.6	13.6	12.6	13.8
Government				
Company income tax	13.6	8.8	9.5	21.3
environmental research	2.9	2.0	1.6	1.6
contribution personal income tax	7.5	4.9	6.0	5.9
royalties (Aboriginals Benefit Reserve and NLC)	11.2	7.9	8.5	7.2
royalties (NT Government)	3.1	2.1	2.4	2.1
other taxes and payments	3.5	2.3	3.1	3.5
Total	41.8	28.0	31.1	41.6
Interest to lenders (net)	6.3	4.4	2.0	2.7
Dividends				
Reinvested in the business	15.2	9.5	93.5	26.7
depreciation & amortisation	64.3	41.3	51.1	43.5
retained profit from operations	(0.9)	(3.1)	(58.8)	(4.8)
Total	63.4	38.2	(7.7)	38.7
Total Value Distributed	148.3	93.7	131.5	123.5

* Figures represent period 1 July 2000 to 31 December 2001

Marketing

6,345 tonnes U_3O_8 sold

During the period, ERA sold 6,345 tonnes U_3O_8. Sales were lower than expected and less than production, resulting in increased inventory levels. A reduction in output during the latter part of 2001 assisted to reduce inventory levels.

ERA sells uranium only for use in nuclear power facilities for the generation of electricity. Strict international and bilateral safeguards apply to all sales, ensuring uranium is only used for peaceful purposes.

The spot market price averaged US$8.41 per pound U_3O_8 during the period, dropping to US$7.10 per pound in December 2000 before recovering in early 2001, ending the year at $US9.50 per pound.

A number of new contracts and contract extensions were signed during 2001 with sales negotiations continuing into the first quarter 2002, which should yield additional revenue improvements in later years.

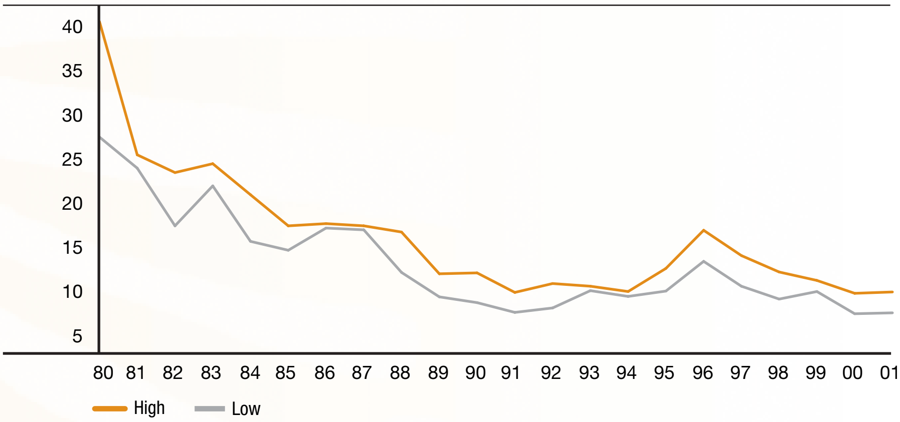
With regard to future U_3O_8 demand, there are two broad areas for consideration: the new build program (confirmed and potential) and the continuing operation of existing plants. Asia–Pacific remains the region most committed to pursuing growth in nuclear power production, with Japan, Korea, and China each having substantial new-build programs. Energy security and environmental issues have been contributing factors in the consideration of new nuclear capacity in both Europe and North America. Significant operating licence extensions are being pursued in most regions, with capacity uprates and increased utilisation programs underway at many utilities around the world.

ERA anticipates that growth in demand for primary uranium production will largely follow from the reduction of utility inventories. In the United States although some excess inventories exist for individual utilities, in general these have been run down. European utilities however, continue to work down their stocks in line with revised inventory policies, in some cases releasing inventory into the marketplace. Japanese utilities are also following suit by 'under-contracting' to achieve the same result.

NUEXCO EXCHANGE VALUE

US$/lb U_3O_8

Source: Trade Tech

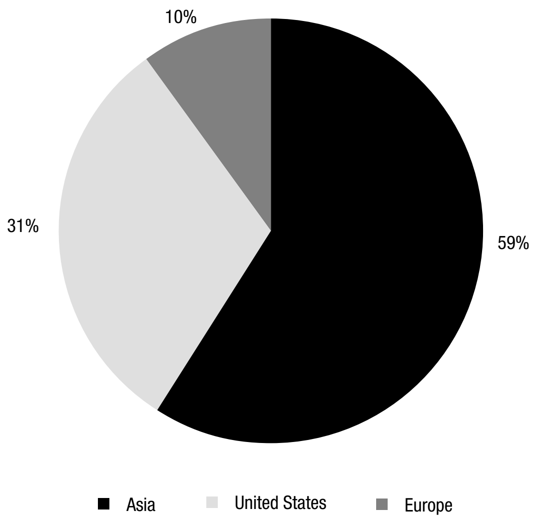


Marketing continued

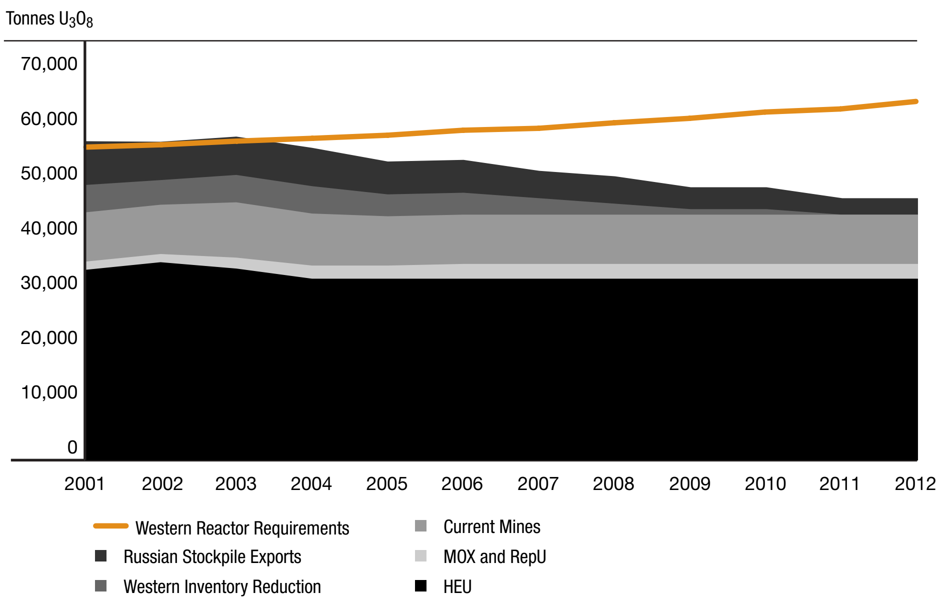
With uncertainty and supply risk surrounding some non-mined sources, mine production remains the only stable and significant supply source available to meet increasing requirements, as existing utility inventories are drawn down. The resultant demand–supply scenario will realise a steady increase in the uranium spot price. The long-term sustainable price of production that will allow the development of existing and potential mines is regarded by most industry commentators, to be in the US$14–US$16/lb U_3O_8 range.

ERA has developed a strong forward order book in the short to medium term. It retains the flexibility to increase output in the medium to long term to take advantage of the tightening market and forecast rising prices. ERA's policy of having a broad geographic customer portfolio, a focus on relationship marketing and a more innovative pricing strategy should ensure enhanced revenue performance in future years.

ERA SALES REVENUE BY REGION



ERA WESTERN WORLD SUPPLY AND DEMAND ANALYSIS



Directors' Outlook

Barry Cusack
Chairman

Robert Cleary
Chief Executive

Brian Hickman

Gregory Boyce

Richard Carter

Wataru Kinugawa

Brian Horwood

Ronald Matthews

The fiftieth anniversary of the world's first useable electricity from nuclear power was recognised on 20 December 2001. In 1951, the 1 MW NaK-cooled Experimental Breeder Reactor I, located in Idaho, USA, lit four light bulbs, launching the birth of the peaceful use of nuclear energy. Today there are some 440 commercial nuclear reactors in 31 countries supplying 16 per cent of the world's electricity.

While also promising, the opportunities resulting from increased world nuclear energy usage in response to targeting reductions in global greenhouse gas emissions is likely to be a longer term scenario. This is caused by the lead times required for utility extensions and construction, as well as some reluctance to include nuclear options in the greenhouse gas emissions policy solution.

Directors' Outlook continued

ERA continues to work closely with industry representatives in raising public awareness of nuclear electricity as a significant and clean contributor in meeting the world's energy demands. Whilst there has been a welcomed recovery in the spot price of uranium in the latter part of the current period, ERA expects a relatively modest increase in the coming year.

There are US$96 million of foreign currency exchange contracts at an average rate of 62 cents due to mature in 2002 as well as hedge contracts of approximately US$45 million per year at an average rate of 65 cents during the period 2003–2008. At the prevailing exchange rate, the hedge contracts outlined above will continue to have a detrimental impact on the Company's results.

Therefore, to improve financial performance, ERA is proceeding with a business improvement program, called Performance Enhancement Process, aimed at creating a stronger Company able to adapt better to a changing competitive business environment.

ERA will remain committed to continued environmental protection, building improved relationships with Aboriginal people and striving to make ERA workplaces the safest in Australia.

Through continuing discussions with stakeholders, ERA remains aware of its environmental obligations and is committed to maintaining its record of no detrimental impact on the surrounding environment. By respecting Aboriginal decision-making processes, ERA will also seek to continue developing the Company's relationships with the Aboriginal community. ERA will ensure employee and contractor safety is of paramount importance by continuing to implement a rigorous safety improvement strategy.

ERA will seek to involve the Northern Land Council (NLC) and Aboriginal people more meaningfully in key areas of the Company's business.

The Company continues to believe there is an opportunity now to create and build a lasting partnership with Aboriginal people and secure a positive long-term future for both the Company and Aboriginal people whose land is being affected by ERA's operations.

To create a better future, ERA recognises that there must exist openness, trust and mutual respect between the parties. For its part, ERA will ensure that it will share information with the NLC so that the NLC is in a position to consult with the Traditional Owners and Affected Aboriginal people and make informed judgements.

Kakadu Air tour guide Josie Giles and visitors at the Ranger #3 viewing area.

Directors' Report

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 entity, for the eighteen-month period ended 31 December 2001 and the auditors' report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial period are:

Name	Age	Experience and Special Responsibilities
Mr B Cusack BE (Hons), MEngSc, FTSE, FAIM, FAusIMM, MAICD *Chairman*	59	Appointed to the ERA Board as Chairman in August 2000. Mr Cusack retired as Managing Director of Rio Tinto Australia on 31 December 2001. Mr Cusack is also the Chairman of Coal & Allied Industries Limited and Bougainville Copper Limited.
Mr G Boyce BSc *Director*	47	Appointed as a Director in November 2000. Mr Boyce is Chief Executive Energy of Rio Tinto plc in London.
Mr R Carter CitWA, BCom, FTSE, FAusIMM, FAIM, MAICD *Director*	59	Appointed as a Director in November 1999. Mr Carter is Chairman of Ticor Ltd, Risk Management Technologies Pty Ltd and Zeal Consulting and a Director of Macmahon Holdings Limited.
Mr R Cleary BSc(Tech) Chem Eng *Chief Executive*	58	Appointed Chief Executive and a Director of ERA in July 1999.
Dr B Hickman BSc, MSc, DSc, FAusIMM, FTSE *Director*	69	Appointed as a Director in August 1997. Dr Hickman is a Director of Illawarrra Technology Corporation Limited and ARRB Transport Research Limited.
Mr B Horwood BCom, FCPA, FAICD *Director*	60	Appointed as a Director in May 2001. Mr Horwood is Managing Director of Rio Tinto Services Limited and Rio Tinto Australia. He is also a Director of Coal & Allied Industries Limited and a number of other Rio Tinto subsidiaries.
Mr W Kinugawa *Director*	67	Appointed as a Director in July 2001 at the nomination of the C Class shareholders. Mr Kinugawa is President of Japan Australia Uranium Resources Development Co Ltd (JAURD).
Dr R Matthews PhD *Director*	52	Appointed as a Director in March 2001 at the nomination of the B Class shareholders. Dr Matthews is Manager Exploration with Cameco Australia Ltd.
Mr M Broomhead BE, MBA, C Eng *Director*	49	Appointed as a Director in January 1992 and as Chairman in January 1999. Mr Broomhead resigned in August 2000.
Mr A Carmichael, AO CBE, BSc *Director*	64	Appointed as a Director in February 1993 and resigned in August 2000.
Mr T Knott LLB, FCIS, FCIM *Director*	57	Appointed as a Director in January 1999 and resigned in August 2000.

Directors' Report continued

Name	Age	Experience and Special Responsibilities
Mr D Panthout *Director*	46	Appointed as an Alternate Director in January 1996 and as a Director in October 1998. Mr Panthout resigned in October 2000.
Mr T Albanese *Director*	44	Appointed as a Director in August 2000 and resigned in November 2000.
Mr J Marlatt *Director*	45	Appointed as an Alternate Director in September 1999 and as a Director in October 2000. Mr Marlatt resigned in March 2001.
Mr M Hughes *Director*	44	Appointed as a Director in August 2000 and resigned in March 2001.
Mr M Shibata *Director*	71	Appointed as a Director in February 1991 and resigned in July 2001.

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

Director	Directors' Meetings		Audit Committee Meetings	
	No. Attended	No. Held*	No. Attended	No. Held*
B Cusack	9	9	–	–
G Boyce	3	7	–	–
D Dvorak (alternate for G Boyce)	2	5	–	–
A Lloyd (alternate for G Boyce)	1	2	–	–
R Carter	11	12	4	4
R Cleary	12	12	–	–
B Hickman	12	12	4	4
B Horwood	4	4	2	3
W Kinugawa	1	2	–	–
R Matthews	6	6	–	–
M Broomhead	2	3	–	–
A Carmichael	3	3	–	–
T Knott	2	3	–	–
D Panthout	3	3	–	–
T Albanese	1	2	–	–
J Marlatt	3	3	1	1
M Hughes	3	3	1	1
M Shibata	2	9	–	–
K Tsuzuku (alternative for M Shibata/W Kinugawa)	4	12	–	–
T Yonezawa (alternative for M Shibata/W Kinugawa)	1	12	–	–
A Yonekawa (alternative for M Shibata/W Kinugawa)	4	12	–	–

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

Note: On the occasions that "B" and "C" class appointed Directors could not attend a meeting of Directors, their alternates attended as required by the Constitution.

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

Shares in Energy Resources of Australia Ltd

B Hickman	1,000 ordinary shares

Shares in a Related Body Corporate Rio Tinto Limited

B Cusack	6,235 ordinary shares

Shares in a Related Body Corporate Bougainville Copper Limited

B Cusack	150 ordinary shares

Options in a Related Body Corporate Rio Tinto Limited

B Cusack	19,677 options
B Horwood	5,775 options
R Cleary	3,025 options

Conditional Interests in Ordinary Shares of a Related Body Corporate Rio Tinto Limited

B Cusack	19,528
B Horwood	15,844

Principal Activities

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

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

(ii) providing environmental consulting services by Earth–Water–Life Sciences (EWLS) 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 22 September 2000, a final dividend of $0.08 per share, franked to 100% with Class C (34%) franking credits	15,259
In respect of the current financial period:	
– An interim dividend of $0.03 per share franked to 100% with Class C (30%) franking credits, was paid on 28 February 2001	5,722
– A second interim dividend of $0.03 per share, franked to 100% with Class C (30%) franking credits was paid on 21 September 2001	5,722
– A final dividend of $0.02 per share, franked to 100% with Class C (30%) franking credits was declared on 30 January 2002, payable on 28 February 2002	3,815
Total dividends provided for or paid in respect of the financial period ended 31 December 2001	15,259

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

Directors' Report continued

Review and Results of Operations

The operating profit after tax for the consolidated entity for the period ended 31 December 2001 was $16.0 million (1999/2000: $34.7 million). Sales revenue for the period ended 31 December 2001 was $232.8 million (1999/2000: $188.9 million).

A full review of the operations of the consolidated entity during the period ended 31 December 2001 and the results of those operations is shown in this Annual Report in the sections titled Chairman and Chief Executive's Report, Finance, Operations, Development, Employees, Environment, Community, Marketing and Directors' Outlook (pages 2–18).

State of Affairs

In the opinion of the Directors, other than matters reported in the Directors' Report and in the Chairman and Chief Executive's Report, there were no significant changes in the state of affairs of the consolidated entity during the period ended 31 December 2001.

Environmental Regulation

The Ranger operation has had no detrimental impact on the surrounding environment over its 20 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 and 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.

Further details of ERA's environmental performance are included in the Environment section of the Annual Report (pages 10–11).

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material nature that has significantly affected or may significantly affect:

(i) the operations of the consolidated entity;

(ii) the results of those operations; or

(iii) the state of affairs of the consolidated entity subsequent to the financial period ended 31 December 2001.

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 Statement of Financial Position and the Statement of Financial Performance and notes thereto.

A review of developments and the expected results for ERA is presented in the sections titled 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' Remuneration

Directors' and senior executives' remuneration and benefits are set out in note 22.

Indemnification and Insurance of Officers and Auditors

INDEMNIFICATION

Clause 11 of the Company's Constitution 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 Act 2001 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 Act 2001.

The Directors and Secretaries of the Company, and all former Directors and Secretaries have the benefit of the indemnity in Clause 11.

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 with, or take part in the management of the Company) as well as other employees.

PricewaterhouseCoopers, as Auditors of the Company, also have the benefit of the indemnity in Clause 11.

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

PricewaterhouseCoopers were appointed as auditors at the last Annual General Meeting on 18 October 2001. PricewaterhouseCoopers continue in office.

Signed at Sydney this 21st day of February 2002 in accordance with a resolution of the Directors.

B Cusack
Director

Corporate Governance Statement

This statement outlines the main corporate governance practices that were followed during the financial period ended 31 December 2001. In developing these practices, the Company recognises that the minimum standard of behaviour laid down in the Corporations Act 2001 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 Rio Tinto 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 Rio Tinto 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 Rio Tinto, 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 the Chief Executive, three Directors appointed by Rio Tinto, one Director each for B and C Class shareholders and two Directors independent of the major shareholders.

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.

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

The Board comprises eight Directors, details of which are set out on pages 19–20. Messrs B Cusack, G Boyce and

B Horwood were nominated by ERA's 68.4 per cent parent Company, Rio Tinto. Mr R Carter and Dr B Hickman are independent Directors.

Under the Company's Constitution, B and C Class shareholders are entitled to appoint one Director to the Board. Dr R Matthews has been appointed by the B Class shareholders and Mr W Kinugawa 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 Constitution requires 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 Meetings

The Board currently meets seven times per calendar 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 and other local stakeholders.

Independent Professional Advice

The Company's Constitution entitles 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 Constitution referred to above.

Remuneration Arrangements

The current fees for non-executive Directors are $30,000 per annum. The Chairman receives $60,000 per annum. Fees for Directors nominated by Rio Tinto are paid to Rio Tinto directly. A fee of $5,000 is paid to each independent Director on the Audit Committee. Further details of Directors' remuneration, superannuation and retirement payments are set out in note 22 to the financial report.

Audit Committee

ERA's Board has an Audit Committee of non-executive Directors. The Committee is chaired by Dr B Hickman and also comprises Mr R Carter, and Mr B Horwood. 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 financial period.

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. All work to be conducted by the external auditor outside the scope of the audit is to be approved by the Audit Committee.

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.

Corporate Governance Statement continued

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 is 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.

Arthur Andersen were appointed Internal Auditors during the period.

Ethical Standards

As part of the Rio Tinto Group, ERA has adopted and adapted the Rio Tinto Code of Business Conduct to be met by all Directors and employees. This requires that all employees maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Australia and in every other country in which it engages in any business.

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 securities while in possession of price-sensitive information.

Investor Information

Annual General Meeting

The 2002 Annual General Meeting will be held at 10:00 am on 15 April 2002 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 provide 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 Investor Services Pty Ltd
Level 3
60 Carrington Street
SYDNEY NSW 2000
Telephone: (02) 8234 5000
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Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

Statements of Financial Performance

for the financial period ended 31 December 2001

		Consolidated		The Company	
	NOTE	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
Operating revenues		**232,808**	188,972	**231,839**	188,068
Proceeds from sale of assets other than goods		**1,431**	510	**1,430**	448
Other revenue from outside the operating activities		**939**	3,184	**932**	3,180
Revenue from ordinary activities	2	**235,178**	192,666	**234,201**	191,696
Changes in inventories of finished goods and work in progress		**12,977**	(20,455)	**12,977**	(20,455)
Raw materials and consumables used		**(53,880)**	(27,318)	**(54,613)**	(28,072)
Employee expenses		**(34,990)**	(23,507)	**(33,055)**	(21,966)
Depreciation and amortisation expenses	3	**(64,278)**	(39,423)	**(64,045)**	(39,244)
Borrowing costs	3	**(7,758)**	(4,605)	**(7,758)**	(4,605)
Other expenses from ordinary activities		**(57,598)**	(33,078)	**(57,976)**	(32,890)
Profit from ordinary activities before income tax expense	4	**29,651**	44,280	**29,731**	44,464
Income Tax relating to ordinary activities	4	**(13,624)**	(9,597)	**(13,652)**	(9,669)
Net profit attributable to members of ERA Limited		**16,027**	34,683	**16,079**	34,795
Total changes in equity other than those resulting from transactions with owners as owners		**16,027**	34,683	**16,079**	34,795

The above statements of financial performance are to be read in conjunction with the accompanying notes.

Statements of Financial Position

as at 31 December 2001

	NOTE	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Current Assets					
Cash assets	6	**5,690**	2,893	**5,552**	2,882
Receivables	7	**62,460**	35,110	**62,966**	35,440
Inventories	8	**80,946**	76,851	**80,863**	76,851
Other	9	**8,311**	6,162	**8,311**	6,148
Total Current Assets		**157,407**	121,016	**157,692**	121,321
Non-Current Assets					
Receivables	7	**927**	1,130	**927**	990
Investments	25	**–**	–	**100**	100
Inventories	8	**31,878**	22,427	**31,878**	22,427
Exploration, evaluation and development expenditure	10	**203,017**	197,990	**203,017**	197,990
Property, plant and equipment	11	**402,481**	462,534	**401,818**	461,740
Deferred tax assets	4(d)	**5,507**	2,869	**5,415**	2,777
Other	9	**9,482**	–	**9,482**	–
Total Non-Current Assets		**653,292**	686,950	**652,637**	686,024
Total Assets		**810,699**	807,966	**810,329**	807,345
Current Liabilities					
Payables	12	**14,706**	19,257	**14,625**	19,091
Interest bearing liabilities	13	**76,000**	58,000	**76,000**	58,000
Current tax liabilities	4(b)	**11,955**	21,296	**12,068**	21,381
Provisions	14	**7,632**	18,963	**7,553**	18,791
Other	15	**10,837**	2,217	**10,837**	2,217
Total Current Liabilities		**121,130**	119,733	**121,083**	119,480
Non-Current Liabilities					
Deferred tax liabilities	4(c)	**80,734**	81,340	**80,677**	81,283
Provisions	14	**3,122**	1,948	**3,085**	1,918
Total non-current liabilities		**83,856**	83,288	**83,762**	83,201
Total Liabilities		**204,986**	203,021	**204,845**	202,681
Net Assets		**605,713**	604,945	**605,484**	604,664
Shareholders' Equity					
Share capital	16	**214,585**	214,585	**214,585**	214,585
Reserves	17	**389,500**	389,500	**389,500**	389,500
Retained profits	18	**1,628**	860	**1,399**	579
Total Shareholders' Equity		**605,713**	604,945	**605,484**	604,664

The above statements of financial position are to be read in conjunction with the accompanying notes.

Statements of Cash Flows

for the financial period ended 31 December 2001

	NOTE	Consolidated 18-MONTH PERIOD 2001 $000 INFLOWS/ (OUTFLOWS)	Consolidated 12-MONTH PERIOD 2000 $000 INFLOWS/ (OUTFLOWS)	The Company 18-MONTH PERIOD 2001 $000 INFLOWS/ (OUTFLOWS)	The Company 12-MONTH PERIOD 2000 $000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities					
Receipts from customers		250,671	221,758	246,749	220,465
Payments to suppliers and employees		(189,066)	(88,667)	(185,351)	(87,355)
		61,605	133,091	61,398	133,110
Interest received		2,197	280	2,190	275
Borrowing costs paid		(7,758)	(5,571)	(7,758)	(5,571)
Income taxes paid		(26,209)	(30,398)	(26,209)	(30,460)
Refund from Rehabilitation Trust Fund		–	614	–	614
Payment to Rehabilitation Trust Fund		(9,482)	—	(9,482)	—
Net cash inflow from operating activities	27(a)	20,353	98,016	20,139	97,968
Cash flows from investing activities					
Payments for property, plant and equipment		(5,450)	(5,410)	(5,347)	(5,296)
Proceeds from sale of property, plant and equipment		1,431	510	1,430	448
Loan to Related Party		27	–	12	–
Other Loan		(36)	–	(36)	–
Jabiluka expenditure capitalised		(5,027)	(11,411)	(5,027)	(11,411)
Exploration expenditure		–	(64)	–	(64)
Net cash outflow from investing activities		(9,055)	(16,375)	(8,968)	(16,323)
Cash flows from financing activities					
Proceeds from borrowings – related parties		18,000	16,000	18,000	16,000
Repayment of borrowings		–	(118)	–	(118)
Dividends paid		(26,658)	(99,183)	(26,658)	(99,183)
Net cash outflow from financing activities		(8,658)	(83,301)	(8,658)	(83,301)
Net (decrease)/increase in cash held		2,640	(1,660)	2,513	(1,656)
Cash at the beginning of the financial year		2,893	4,723	2,882	4,708
Effects of exchange rate changes on cash		157	(170)	157	(170)
Cash at the end of the financial year	6	5,690	2,893	5,552	2,882

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

Notes to the financial statements

for the financial period ended 31 December 2001

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 Act 2001.

The financial report is for the 18-month period to 31 December 2001 with the comparative period being for the year ended 30 June 2000. Future reporting periods will be for the year ending on 31 December.

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 polices adopted have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

As a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were reclassified to ensure comparability with the current reporting period.

(b) Principles of Consolidation

The consolidated financial report of the economic entity include the financial report of the Company, being the parent entity, and its controlled entity ("the consolidated entity"). Details of the controlled entity appear in note 25. The balances and effects of transactions with the controlled entities included in the consolidated financial report have been eliminated.

(c) Revenue Recognition

Sale of Goods

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

Rendering of Services

Revenue from the rendering of services is recognised when the service is provided.

Asset Sales

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

Other Revenue

Interest income is recognised as it accrues.

Refunds from the Ranger Rehabilitation Trust Fund are recognised as revenue when the cash has been remitted to the Company.

(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 statement of financial performance 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 the 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 statement of financial performance.

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 statement of financial performance and are included in the statement of financial position as a foreign exchange asset or liability.

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 statement of financial performance for the period.

(e) Borrowing Costs

Borrowing costs (including interest) are included in the statement of financial performance 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 statement of financial performance.

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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(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 statement of financial position 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 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) Recoverable Amount of Non-current Assets

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

(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 Ranger 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

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

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 in conducting exploration activities are carried forward and a provision equal in amount is created by charging the statement of financial performance. 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.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(k) Exploration, Evaluation and Development Expenditure continued

When production commences, carried forward exploration, evaluation and development costs are transferred to mine properties and are amortised on a units of production basis over the life of the economically recoverable reserves.

(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 55 days.

(m) Uranium Loan

The Company as and when required may enter into a uranium loan facility.

Drawdowns of uranium under the loan agreement will be initially recorded at the uranium spot price. Uranium drawn down and held as buffer stock will be classified as current inventory. The entire loan will be classified as a current borrowing. That part of the loan which relates to uranium intended for sale or sold is revalued to approximate the average cost of Ranger production. This revaluation will be recorded as a provision for deferred income. In addition, the provision for deferred income would include any profit or loss on the sale of borrowed uranium. The provision would be released to the statement of financial performance as repayments are made.

(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 statement of financial performance 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 the projected fund balance 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 statement of financial performance 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 the projected fund balance 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. The consolidated entity has used the following derivative financial instruments to hedge these risks: forward foreign exchange contracts and foreign exchange options. 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 include related on-costs.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows that will be made resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liabilities.

Superannuation Plan

Contributions to superannuation funds are recognised as an expense in the statement of financial performance as incurred.

(q) Investments

Controlled Entities

The investment in the controlled entity is carried in the Company's financial report at the lower of cost or recoverable amount. Dividends and distributions are recognised in the statement of financial performance when they are declared by the controlled entity.

(r) Interest-bearing liabilities

Borrowings are recognised as a liability in the statement of financial position at the principal amount. Interest expense is accrued at the contracted rate.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and deposits held at call with banks net of any bank overdrafts.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been "rounded off" in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
2. REVENUE				
Revenue from operating activities				
Sale of goods	231,839	180,943	231,839	180,943
Rendering of services	969	904	–	–
Release of deferred income: Uranium Loan	–	7,125	–	7,125
Total sales revenue	232,808	188,972	231,839	188,068
Other revenue from outside operating activities				
Refund from Ranger Rehabilitation Trust Fund	–	614	–	614
Interest received/receivable, other parties	939	2,570	932	2,566
	233,747	192,156	232,771	191,248
Revenue from outside operating activities				
Proceeds from sale of property, plant and equipment	1,431	510	1,430	448
	235,178	192,666	234,201	191,696

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000

3. OPERATING PROFIT

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

Cost of Sales	154,347	109,515	154,347	109,515
Amortisation of Ranger Project Rights	24,825	15,229	24,825	15,229
Depreciation of non-current assets:				
Land and buildings	5,191	3,308	5,124	3,265
Plant and equipment	34,262	20,886	34,096	20,750
Total depreciation	39,453	24,194	39,220	24,015
Royalty payments	3,109	2,437	3,109	2,437
Payments to Aboriginal interests	11,245	8,485	11,245	8,485
Auditors' remuneration – KPMG[a]				
Audit services	191	119	191	119
Other services	93	17	93	17
Auditors' Remuneration – PricewaterhouseCoopers[b]				
Audit services	100	–	100	–
Other services	41	–	41	–
Provision for writedown of exploration expenditure	–	64	–	64
Writedown in value of stores inventories	–	32	–	32
Rental expense relating to operating leases	626	651	592	651
Borrowing costs:				
Related parties	6,433	4,044	6,433	4,044
Other parties	1,325	561	1,325	561
Net (credit)/expense from movements in provision for:				
Employee entitlements	148	(480)	209	(413)
Stores obsolescence	60	(88)	60	(88)
Doubtful debts	(28)	(85)	33	(113)
Research and development expenditure	12,851	820	12,851	820
Net (gain)/loss on sale of property, plant and equipment	(206)	574	(206)	598

[a] Auditors' remuneration – KPMG				
Audit Services: Auditors of the Company	$190,859	$118,900	$190,859	$118,900
Other Services: Auditors of the Company	$93,455	$17,327	$93,455	$17,327
[b] Auditors' remuneration – PricewaterhouseCoopers				
Audit Services: Auditors of the Company	$100,000	–	$100,000	–
Other Services: Prior to appointment as Auditors of the Company	$41,488	–	$41,488	–

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
4. INCOME TAX				
(a) Income tax expense				
Income tax is calculated as follows:				
Operating profit before income tax	29,651	44,280	29,731	44,464
Prima facie income tax expense calculated				
(6 months to Dec 2000 @34%, 12 months to Dec 2001 @ 30%)	9,409	15,941	9,435	16,007
Increase in income tax expense due to:				
Amortisation of Ranger Project Rights	7,226	5,967	7,226	5,967
Other non-allowable items	45	13	47	31
Research and development concession	(703)	(74)	(703)	(74)
Income tax under provided in prior years	486	–	486	–
Income tax expense attributable to operating profit	16,463	21,847	16,491	21,931
Restatement of deferred tax balances due to change in company tax rate	(2,839)	(12,250)	(2,839)	(12,262)
Income tax expense	13,624	9,597	13,652	9,669
Income tax expense attributable to operating profit comprises:				
Current income tax provision	16,382	30,938	16,410	31,086
Deferred income tax provision	(606)	(26,514)	(606)	(26,525)
Future income tax benefit	(2,638)	5,173	(2,638)	5,108
Underprovision in prior year	486	–	486	–
Income tax expense	13,624	9,597	13,652	9,669
(b) Current Tax Liabilities				
Provision for current income tax	11,955	21,296	12,068	21,381
(c) Deferred Tax Liabilities				
Provision for deferred income tax	80,734	81,340	80,677	81,283
(d) Deferred Tax Assets				
Future Income Tax Benefit	5,507	2,869	5,415	2,777

In 2000 the Company lodged an income tax objection for the years of income ended 30 June 1996 and 30 June 1997 in relation to the valuation of its inventories for income tax purposes.

During the period, the Company received amended assessments in response to the objection. The full amount of tax payable and any interest thereon resulting from the amended assessments issued (and consequential adjustments for subsequent years of income) has been fully provided in these accounts.

The issue of trading stock valuation for income tax purposes is subject to Federal Court action against the Commissioner of Taxation.

A significant benefit to the Company will arise if the Court finds in favour of the Company's appeals, such that operating profit after tax could be increased by an amount in excess of $4,000,000. This benefit has not been recognised in the 31 December 2001 financial report.

Adjustment to deferred income tax balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000–2001 income tax year and then to 30% for the 2001–2002 income tax year was announced on 21 September 1999 and received Royal Assent on 10 December 1999. As a consequence, deferred tax balances were remeasured during the year ended 30 June 2000 using the appropriate new rates, depending on the timing of their reversal.

5. DIVIDENDS

Dividends proposed or paid by the Company are:

	CENTS PER SHARE	TOTAL AMOUNT $000	DATE OF PAYMENT	FRANKED TAX RATE	PERCENTAGE FRANKED
2001					
Interim – ordinary	3.0	5,722	28 February 2001	34% (Class C)	100%
Second interim – ordinary	3.0	5,722	21 September 2001	30% (Class C)	100%
Final – ordinary	2.0	3,815	28 February 2002	30% (Class C)	100%
Dividends proposed or paid	8.0	15,259			
2000					
Special	31.0	59,128	16 December 1999	36% (Class C)	100%
Interim – ordinary	10.0	19,074	28 February 2000	36% (Class C)	100%
Final – ordinary	8.0	15,259	22 September 2000	34% (Class C)	100%
Dividends proposed or paid	49.0	93,461			

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $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 (30%) franking credits (2000: 34%)	46,153	48,863	45,385	48,223

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

6. CASH ASSETS

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Current				
Cash at bank and on hand	5,690	2,893	5,552	2,882

Notes to the financial statements continued

for the financial period ended 31 December 2001

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $000
7. RECEIVABLES				
Current				
Trade debtors	45,319	18,580	44,873	17,801
Less provision for doubtful debts	–	–	–	–
	45,319	18,580	44,873	17,801
Related entity	15,252	13,958	16,232	15,093
Other debtors	1,940	2,651	1,912	2,564
Less provision for doubtful debts	(51)	(79)	(51)	(18)
	17,141	16,530	18,093	17,639
	62,460	35,110	62,966	35,440
Non-current				
Other debtors	927	1,103	927	978
Loans to directors	–	27	–	12
	927	1,130	927	990
8. INVENTORIES				
Current				
Stores and spares at cost	12,204	11,575	12,204	11,575
Less provision for obsolescence	(1,916)	(1,856)	(1,916)	(1,856)
	10,288	9,719	10,288	9,719
Ore stockpiles at cost	6,974	9,003	6,974	9,003
Work in progress at cost	1,683	1,994	1,600	1,994
Finished product U_3O_8 at cost	62,001	56,135	62,001	56,135
	80,946	76,851	80,863	76,851
Non-current				
Ore stockpiles at cost	31,878	22,427	31,878	22,427
9. OTHER ASSETS				
Current				
Prepayments	4,943	6,162	4,943	6,148
Prepaid Hedge Asset	3,368	–	3,368	–
	8,311	6,162	8,311	6,148
Non-current				
Receivable from Rehabilitation Trust Fund	9,482	–	9,482	–

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000

10. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Exploration and Evaluation Phase				
Exploration expenditure at cost	881	881	881	881
Less provision for write down	(881)	(881)	(881)	(881)
	–	–	–	–
Development Phase				
Balance brought forward	197,990	188,207	197,990	188,207
Additions at cost	5,027	9,783	5,027	9,783
Total exploration, evaluation and development expenditure	203,017	197,990	203,017	197,990

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
(a)				
Mine land and buildings				
Mine land and buildings at cost	92,932	92,922	92,416	92,406
Less accumulated depreciation	54,719	49,528	54,590	49,466
	38,213	43,394	37,826	42,940
Plant and equipment				
Plant and equipment at cost	433,405	434,290	432,783	433,735
Less accumulated depreciation	246,046	216,884	245,700	216,669
	187,359	217,406	187,083	217,066
Mine properties				
Ranger Project Rights at cost	407,000	407,000	407,000	407,000
Less accumulated amortisation	230,091	205,266	230,091	205,266
	176,909	201,734	176,909	201,734
Total property, plant and equipment	402,481	462,534	401,818	461,740

Notes to the financial statements continued

for the financial period ended 31 December 2001

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $000

11. PROPERTY, PLANT AND EQUIPMENT continued

(b) Reconciliations of the carrying amounts of each class of property, plant and equipment of the beginning and end of the current financial period as set out below:

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Mine land and buildings				
Carrying amount at 30 June	43,394	44,295	42,940	44,840
Additions	10	1,442	10	1,400
Depreciation	(5,191)	(3,308)	(5,124)	(3,265)
Write back of assets disposed	–	(35)	–	(35)
Carrying amount at 30 June 2000		43,394		42,940
Carrying amount at 31 December 2001	38,213		37,826	
Plant and equipment				
Carrying amount at 30 June	217,406	238,475	217,066	238,034
Additions	5,440	1,784	5,337	1,709
Depreciation	(34,262)	(20,886)	(34,096)	(20,750)
Write back of assets disposed	(1,225)	(1,967)	(1,224)	(1,927)
Carrying amount at 30 June 2000		217,406		217,066
Carrying amount at 31 December 2001	187,359		187,083	
Mine properties				
Carrying amount at 30 June	201,734	216,963	201,734	201,963
Amortisation	(24,825)	(15,229)	(24,825)	(15,229)
Carrying amount at 30 June 2000		201,734		201,734
Carrying amount at 31 December 2001	176,909		176,909	

12. PAYABLES

Current

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Amount owing to related entities	676	2,126	668	2,126
Trade creditors	13,064	16,589	13,102	16,444
Other creditors	966	542	855	521
	14,706	19,257	14,625	19,091

13. INTEREST-BEARING LIABILITIES

Current

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
Loan from related entity	76,000	58,000	76,000	58,000

Details of financing arrangements are provided in note 28

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $000

14. PROVISIONS

Current

Employee entitlements	3,772	3,534	3,693	3,387
Dividends	3,815	15,259	3,815	15,259
Other	45	170	45	145
	7,632	18,963	7,553	18,791

Non-current

Employee entitlements	458	548	421	518
Rehabilitation	2,664	1,400	2,664	1,400
	3,122	1,948	3,085	1,918

15. OTHER LIABILITIES

Current

Foreign exchange hedge liability on debtors	10,837	2,217	10,837	2,217

16. SHARE CAPITAL

Issued and paid up capital comprises:

142,865,446 A Class shares fully paid				
27,573,468 B Class shares fully paid				
20,299,020 C Class shares fully paid				
190,737,934 Total fully paid shares	214,585	214,585	214,585	214,585

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.

17. RESERVES

Capital reconstruction	389,500	389,500	389,500	389,500

18. RETAINED PROFITS

Retained profits at the beginning of the year	860	59,638	579	59,245
Net Profits attributable to members	16,028	34,683	16,079	34,795
Dividends paid/payable	(15,259)	(93,461)	(15,259)	(93,461)
	1,628	860	1,399	579

19. CONTINGENT LIABILITIES AND LEGAL DISPUTES

Contingent Liabilities

Rehabilitation

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 2001, was $42,068,500 (including a 5% contingency). At 31 March 2001 there was a deficit in the Ranger Rehabilitation Trust Fund of $9,481,654. As a consequence, the Company made a payment of this amount, bringing the balance of the Trust Fund to $42,068,500.

Bank Guarantee

ERA has issued a bank guarantee as security for the Jabiluka Rehabilitation Trust to A$2,663,900. This bank guarantee is required to be in place until the next assessment of the Trust Fund, when the amount will be adjusted in line with the new requirement. This amount has been fully provided for in the statement of financial position.

Legal actions against ERA

The remaining argument in the action listed in the Federal Court against the former Federal Minister for Resources and ERA claiming that due process was not followed in granting approvals for the Jabiluka Mill Alternative is dormant. Should ERA proceed with the Jabiluka Mill Alternative, notice will be given to the applicant who may or may not wish to pursue the argument further.

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

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $000
20. COMMITMENTS				
(a) Capital expenditure commitments contracted but not provided for and payable:				
Not later than 1 year	1,995	125	1,995	125
(b) Lease commitments				
(i) Operating leases				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than 1 year	317	345	292	336
Later than 1 year but not later than 5 years	316	741	302	723
	633	1,086	594	1,059

The consolidated entity leases property, plant and equipment under operating leases expiring from two to four years. Some leases provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount and may include an incremental contingent rental.

(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 31 December 2002 in respect of tenement lease rentals.

20. 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 Account pursuant to a determination under Section 63(5)(b) of the *Aboriginal Land Rights (NT) Act 1976*. These amounts are calculated at 4.25% of Ranger net sales revenue (amounts paid during 2001: $11,245,000, 2000: $8,485,000);

(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 2001: $3,109,000, 2000: $2,437,000);

(iv) Amounts such that the Ranger Rehabilitation Trust Fund as at 31 March each year is equal to the independently assessed rehabilitation liability at Ranger. In March 2001 insufficient funds were available in the Ranger Rehabilitation Trust Fund to cover the assessed liability and an additional amount of $9,482,000 was paid into the fund.

(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, 15 June 1998, until two years after cessation of the project;

(iii) Social Impact Monitoring – $100,000 p.a.* from commencement of construction, 15 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, 15 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) Four annual up front royalty payments of $1,200,000, the first in June 1998 on commencement of construction and the following three on each anniversary of the commencement of construction.

(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 Reserve 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 Reserve by the Commonwealth under the conditions specified in the mining lease (refer commitment (f) below).

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

	NOTE	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
21. EMPLOYEE ENTITLEMENTS					
Aggregate employee entitlements, including on-costs					
– Current	14	3,772	3,534	3,693	3,387
– Non-current	14	458	548	421	518
		4,230	4,082	4,114	3,905

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	Consolidated 2001	Consolidated 2000	The Company 2001	The Company 2000
Assumed rate of increase in wage and salary rates	–		–	
Discount rate (%)	5.9%	6.14%	5.9%	6.14%
Settlement terms (years)	7	10	7	10

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 Company's employees are members of the Rio Tinto Staff Superannuation Fund (the Fund) which provides benefits on retirement, death, disablement or leaving service. The principal benefits are lump sum accumulation benefits.

The Fund also provides defined benefits to a closed group of members but none of these members are employees of the Company.

Formerly, the Company's employees were members of the North Superannuation Fund. The assets and liabilities in respect of all members of the North Superannuation Fund were transferred to the Rio Tinto Superannuation Fund on 30 April 2001.

The assets attributable to ERA employees who are members of the Fund equal the accumulation account balances in respect of these members.

Contributions are made by the Company as a percentage of salary as specified by the Company. The contributions are legally enforceable up to the date upon which such obligation is terminated pursuant to the Trust Deed and negotiated agreements.

22. DIRECTORS' AND EXECUTIVES' REMUNERATION

The total sum available for remuneration of non-executive Directors is approved by the shareholders.

The remuneration of executive officers is set by reference to the wider Rio Tinto context determined following review by Rio Tinto Board Remuneration Committee. Executive remuneration and other terms of employment are reviewed annually by ERA and Rio Tinto Limited having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

Details of the nature and amount of each element of the remuneration of each Director and each of the five highest paid executives of the Company and the consolidated entity for the 18-month period to 31 December 2001 are set out below:

	DIRECTOR'S BASE FEE $	COMMITTEE FEES $	SUPERANNUATION $	OTHER $	TOTAL $
Non-Executive Directors					
B Cusack	82,500	–	–		82,500[1]
G Boyce	32,500	–	–		32,500[1]
R Carter	45,000	6,250	4,100		55,350
B Hickman	45,000	6,250	4,100		55,350
B Horwood	20,143	–	–		20,143[1]
W Kinugawa	13,477	–	–		13,477
R Matthews	22,500	–	–		22,500[4]
T Albanese	8,750	–	–		8,750[1]
M Broomhead	7,500	–	600		8,100[2]
A Carmichael	3,750	–	300		4,050[2]
M Hughes	18,750	–	–		18,750[1]
T Knott	3,750	–	300		4,050[2]
J Marlatt	10,000	–	–		10,000[4]
D Panthout	9,109	–	–		9,109[3]
M Shibata	31,609	–	–	105,000	136,609[5]

1 Amounts paid directly to Rio Tinto Limited
2 Amounts paid directly to North Limited
3 Amounts paid directly to Cogema Australia Pty Ltd
4 Amounts paid directly to Cameco Australia Pty Ltd
5 Amount includes retirement benefits paid of $105,000

	BASE SALARY $	MOTOR VEHICLE $	BONUS $	SUPERANNUATION $	OTHER BENEFITS* $	TOTAL $
Executive Director						
R Cleary	440,585	16,623	50,000	60,800	219,125	787,133
Officers of the Company						
W Davies	191,041	28,672	31,275	21,015	405,678	677,681
J Hughes	195,628	38,060	13,650	26,247	145,387	418,972
R Weston	207,158	28,672	–	31,360	69,955	337,145
H Topp	74,644	11,263	9,260	8,211	28,867	132,245
C Kinnell	81,250	–	–	–	38,867	120,117
Consolidated Entity						
Includes each of the Executives of the Company detailed above, and:						
A Milnes	251,450	48,060	11,101	81,503	23,166	415,280

** Includes items such as termination payments, 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.*

22. DIRECTORS' AND EXECUTIVES' REMUNERATION continued

The value of options issued (by Rio Tinto Limited for shares in Rio Tinto Limited) which has been included as part of the remuneration of Directors of the Company and each of the five highest paid executive officers of the Company and the consolidated entity is set out below.

Options Issued Under the Rio Tinto Share Option Plan

Included in the remuneration noted above are options over unissued ordinary shares of Rio Tinto 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 as follows:

OFFICERS	NUMBER OF OPTIONS ISSUED	VALUE OF OPTIONS INCLUDED IN REMUNERATION $
The Company		
R Cleary	3,025	29,957
R Weston	1,926	19,073
J Hughes	1,527	15,122
Consolidated Entity		
Includes each of the Executives of the Company detailed above, and:		
A Milnes	1,781	17,637

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

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

	The Company	
	2001	2000
$0 to $9,999	5	2
$10,000 to $19,999	3	1
$20,000 to $29,999	1	5
$30,000 to $39,999	1	–
$50,000 to $59,999	2	–
$60,000 to $69,999	–	1
$120,000 to $129,999	–	–
$130,000 to $139,999	1*	–
$210,000 to $219,999	1**	–
$450,000 to $459,999		1
$780,000 to $789,999	1	–
$1,330,000 to $1,339,999	1*/**	–

* *Includes amounts paid out upon retirement.*

** *Directors' remuneration represents amounts paid by the Rio Tinto Group to Directors in their capacity as officers within that group.*

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $

22. DIRECTORS' AND EXECUTIVES' REMUNERATION continued

	Consolidated 2001	Consolidated 2000	The Company 2001	The Company 2000
Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or related parties:				
the Company			1,268,371	671,307
related parties (including Rio Tinto Limited)			1,439,806	251,688
			2,708,177	922,995
Total income paid or payable, or otherwise made available to all Directors of the Company and controlled entities from the Company or any related party:				
the Company	1,268,371	671,307		
related parties (including Rio Tinto Limited)	1,855,086	551,409		
	3,123,457	1,222,716		

Retirement benefits of Directors

	Consolidated 2001	Consolidated 2000	The Company 2001	The Company 2000
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	105,000	–	105,000	–

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 Rio Tinto Limited Share Option Plan.

The number of executive officers of the Company and of controlled entities whose remuneration from the Company and related parties falls within the following bands:

	Consolidated 2001	Consolidated 2000	The Company 2001	The Company 2000
$100,000 to $109,999	1	1	1	1
$120,000 to $129,999	1	1	1	1
$130,000 to $139,999	1	1	1	1
$140,000 to $149,999	–	1	–	1
$150,000 to $159,999	–	3	–	3
$160,000 to $169,999	–	1	–	1
$170,000 to $179,999	–	1	–	1
$230,000 to $239,999	–	1	–	1
$240,000 to $249,999	–	1	–	–
$330,000 to $339,999	1	–	1	–
$410,000 to $419,999	2	–	1	–
$450,000 to $459,999	–	1	–	1
$670,000 to $679,999	1	–	1	–
$780,000 to $789,999	1	–	1	–

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $

22. DIRECTORS' AND EXECUTIVES' REMUNERATION continued

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $	18-MONTH PERIOD 2001 $	12-MONTH PERIOD 2000 $
Total remuneration received or due and receivable by these Executives from:				
the Company	2,577,591	1,800,896	2,577,591	1,800,896
related parties	415,280	355,208	–	110,700
	2,992,871	2,156,104	2,577,591	1,911,596

23. RELATED PARTIES

Directors

The names of persons who were Directors of ERA at any time during the financial period are as follows:

M Broomhead, A Carmichael, R Carter, R Cleary, B Hickman, T Knott, B Cusack, M Hughes, T Albanese, G Boyce (Alternates: D Dvorak, A Lloyd), B Horwood, D Panthout (Alternates: J Marlatt, D McGrane), J Marlatt (Alternates: J-L Narcy, D McGrane), R Matthews (Alternates: J-L Narcy, D McGrane), M Shibata (Alternates: K Tsuzuku, T Yonezawa, M Mori, A Yonekawa), W Kinugawa (Alternates: K Tsuzuku, T Yonezawa, M Mori, A Yonekawa, T Takeda),

Information relating to Directors' remuneration and retirement benefits is set out in note 22.

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

Transactions with Directors and Director-related Entities

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

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

Sales revenue derived from JAURD totalled $77,338,718 (2000: $46,562,000).

Commission paid to JAURD totalled $913,071 (2000: $476,990).

Amounts receivable from JAURD at 31 December 2001 totalled $15,252,249 (2000: $13,958,000).

In February 1997, ERA signed a loan agreement with JAURD for a loan of up to 1,360 tonnes of U_3O_8. The agreement was on terms that are at least as good as market rates. This loan was repaid during the 2000 year.

Interest paid in respect of the uranium loan totalled $251,827 (2000: $1,392,000).

Facility fee paid in respect of the uranium loan totalled $41,938.

Loans to Directors

Loans to Directors disclosed in note 7 were in respect of employee share schemes for shares in North Limited. These loans were made by ERA to A Milnes and J Hughes who are or were Directors of the controlled entity during the year and have been repaid in full.

	Consolidated		The Company	
	2001 $000	2000 $000	2001 $000	2000 $000
Aggregate movements in loan balances:				
Aggregate loans at the beginning of the financial year	27	57	12	39
Add loans transferred in from related parties	–	13	–	13
Less loan instalments repaid during the financial year	(27)	(43)	(12)	(40)
Aggregate loans at the end of the financial year	–	27	–	12

23. RELATED PARTIES continued

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

Controlled Entity

Information relating to the controlled entity is set out in note 25.

Ultimate Parent Entity

The ultimate parent entity is Rio Tinto Limited. This interest is held through 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 its subsidiary, Peko Wallsend Ltd.

Loan from Related Party

During the financial period ERA entered into a US$60,000,000 one year loan facility with North Finance Limited. This facility was negotiated on commercial terms and conditions. At 31 December 2001 A$76,000,000 (2000: A$58,000,000) was utilised and recognised as a current borrowing.

Superannuation Fund

Information relating to the consolidated entity's superannuation fund is set out in note 21.

Related Party Transactions

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with related parties:				
Management fees paid to ultimate parent entity				
Rio Tinto Limited	225	–	225	–
North Limited	171	2,174	152	1,932
Consulting fees paid to controlled entities	–	–	2,375	1,845
Interest paid to related parties	6,433	4,044	6,433	4,044
Aggregate amounts recognised in relation to other transactions with each class of other related parties:				
Dividends paid/payable to				
Ultimate parent entity	5,203	31,870	5,203	31,870
Related parties	5,233	32,050	5,233	32,050
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Current assets – receivables				
Related parties	15,252	13,958	15,252	13,958
Controlled entities	–	–	980	1,135
Current liabilities – creditors				
Related parties	676	2,126	668	2,126
Current liabilities – interest bearing liabilities				
Related parties	76,000	58,000	76,000	58,000

All related party transactions were conducted on commercial terms and conditions.

24. SHAREHOLDER–CUSTOMER TRANSACTIONS

All sales were conducted on commercial terms and conditions.

Total revenue derived from shareholder customers totalled $77,338,718 (2000: $46,562,000).

Amounts receivable from shareholder customers at 31 December 2001 totalled $15,252,249 (2000: $13,958,000).

25. INVESTMENT IN CONTROLLED ENTITIES

NAME OF ENTITY	PLACE OF INCORPORATION	CLASS OF SHARE	INTEREST HELD 2001	INTEREST HELD 2000
EWL Sciences Pty Ltd	NSW	Ordinary	100%	100%

The above controlled entity is wholly owned and no dividends were paid to the parent entity (2000: $Nil).

26. SEGMENT INFORMATION

Geographical Segments

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
Sales revenue is derived from customers in the following geographical areas:				
Asia	136,516	97,884	136,433	97,853
United States	72,063	75,307	72,063	75,307
Europe	23,343	14,908	23,343	14,908
Australia	886	873	–	–
	232,808	188,972	231,839	188,068

Industry Segments

	Uranium		Consulting		Eliminations		Consolidated	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
Sales revenue outside the economic entity	231,839	188,068	969	904	–	–	232,808	188,972
Intersegment revenue	–	–	2,375	1,845	(2,375)	(1,845)	–	–
Total sales revenue	231,839	188,068	3,344	2,749	(2,375)	(1,845)	232,808	188,972
Operating profit/(loss) before tax	29,731	44,464	(80)	(184)	–	–	29,651	44,280
Total assets	810,329	807,345	1,450	1,856	(1,080)	(1,235)	810,699	807,966

The consolidated entity operates predominantly in two industries:

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

(ii) Environmental consulting by its wholly owned subsidiary, EWL Sciences Pty Ltd.

All operating expenditure is incurred in Australia.

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

EWL Sciences 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 EWL Sciences Pty Ltd.

	Consolidated		The Company	
	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000

27. NOTES TO THE STATEMENTS OF CASH FLOWS

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

	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000	18-MONTH PERIOD 2001 $000	12-MONTH PERIOD 2000 $000
Operating profit after income tax	16,027	34,683	16,079	34,795
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non-current assets	(206)	574	(206)	598
Add/(less) non-cash items:				
Depreciation and amortisation	64,278	39,417	64,045	39,237
Exploration expenditure	–	64	–	64
Release of deferred income – Uranium loan	–	(7,125)	–	(7,125)
Net exchange differences	(157)	170	(157)	170
Change in operating assets and liabilities:				
(Increase)/decrease in trade debtors	(19,413)	36,346	(19,591)	36,496
(Increase)/decrease in other debtors	895	1,620	772	1,084
(Increase)/decrease in inventories	(13,546)	22,013	(13,463)	22,012
(Increase)/decrease in prepayments	(11,631)	271	(11,645)	276
(Decrease)/increase in trade and other creditors	(4,551)	(1,283)	(4,466)	(934)
(Decrease)/increase in provision for income taxes payable	(9,341)	538	(9,313)	623
(Decrease)/increase in net provision for deferred income tax liability and future income tax benefit	(3,244)	(21,341)	(3,244)	(21,417)
(Decrease)/increase in other provisions	1,242	(7,931)	1,328	(7,911)
Net cash inflow provided by operating activities	20,353	98,016	20,139	97,968

(b) Non-cash financing and investing activities

During 2000 the Company fully repaid the uranium loan through inventory. There was no cash flow associated with the repayment of this inventory.

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $000
28. FINANCING ARRANGEMENTS				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Bank overdrafts	1,500	1,500	1,500	1,500
Bank loans	–	5,000	–	5,000
Loan from related party	117,325	99,917	117,325	99,917
	118,825	106,417	118,825	106,417
Facilities utilised at balance date:				
Bank overdrafts	–	–	–	–
Loan from related party	76,000	58,000	76,000	58,000
	76,000	58,000	76,000	58,000
Facilities not utilised at balance date:				
Bank overdrafts	1,500	1,500	1,500	1,500
Bank loans	–	5,000	–	5,000
Loan from related party	41,325	41,917	41,325	41,917
	42,825	48,417	42,825	48,417

Bank Overdrafts

The bank overdrafts are unsecured and may be drawn at anytime. The bank overdrafts are payable on demand and are subject to annual review. The interest rate applicable at balance date was 7.5% p.a. (2000: 9.2% p.a.).

Bank Loans

The loans was unsecured and denominated in Australian dollars and was able to be drawn at any time. It was payable on demand and subject to annual review. The interest rate applicable in 2001 was 4.95% (2000: 6.5% p.a.).This facility was terminated in May 2001.

Loan From Related Party

The loan is unsecured and denominated in either Australian or United States dollars. This facility terminates in July 2002. The interest rate applicable at balance date was 4.72% p.a. (2000: 6.4% p.a.).

29. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

	Consolidated 2001 $000	Consolidated 2000 $000	The Company 2001 $000	The Company 2000 $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	–	–	–	–
Current – Accounts payable				
Accounts payable	–	–	–	–

30. EARNINGS PER SHARE

	2001	2000
Basic and diluted earnings per share:	**$0.08**	$0.18

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share: 2001: 190,737,934 shares; (2000: 190,737,934 shares).

31. 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:

	NOTE	FLOATING INTEREST RATE $000	NON-INTEREST BEARING $000	TOTAL $000	WEIGHTED AVERAGE INTEREST RATE % P.A.
2001					
Financial assets					
Cash	6	5,690	–	5,690	3.7
Receivables	7	–	63,438	63,438	
Foreign exchange hedge asset	9	–	3,368	3,368	
Receivable from rehabilitation trust fund	9	9,482	–	9,482	4.3
Total		15,172	66,806	81,978	
Financial liabilities					
Interest bearing liabilities	13	76,000	–	76,000	4.7
Accounts payable	12	–	14,706	14,706	
Dividends payable	14	–	3,815	3,815	
Foreign exchange hedge liability	15	–	10,837	10,837	
Total		76,000	29,358	105,358	
2000					
Financial assets					
Cash assets	6	2,893	–	2,893	5.7
Receivables	7	–	36,319	36,319	
Total		2,893	36,319	39,212	
Financial liabilities					
Interest bearing liabilities	13	58,000	–	58,000	5.9
Accounts payable	12	–	19,257	19,257	
Dividends payable	14	–	15,259	15,259	
Foreign exchange hedge liability	15	–	2,217	2,217	
Total		58,000	36,733	94,733	

31. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES continued

(b) Foreign Exchange Risk

The consolidated entity derives most of its revenue in US dollars and incurs most of its costs in Australian dollars.

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

		2001		2000	
	MATURITY	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	39,000	0.58	59,300	0.63
	1 to 5 years	111,000	0.61	107,000	0.61
	More than 5 years	56,000	0.60	91,000	0.61
	Total	206,000	0.60	257,300	0.62
Options					
Purchased US$ Put options	Less than 1 year	57,000	0.64	81,000	0.63
	1 to 5 years	72,000	0.70	130,000	0.67
	More than 5 years	36,000	0.70	54,000	0.70
	Total	165,000	0.68	265,000	0.66
Purchased US$ Call options	Less than 1 year	–	–	17,000	0.56
	Total	–	–	17,000	0.56
Sold US$ Call options	Less than 1 year	–	–	17,000	0.59
	Total	–	–	17,000	0.59
Sold US$ Call options – Barrier(1)	Less than 1 year	48,000	0.65	50,000	0.64
	1 to 5 years	72,000	0.70	102,000	0.68
	More than 5 years	36,000	0.70	54,000	0.70
	Total	156,000	0.69	206,000	0.67
Sold "knock-in" Call options(1)	Less than 1 year	9,000	0.64	28,000	0.64
	Total	9,000	0.64	28,000	0.64

31. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES continued

(b) Foreign Exchange Risk continued

Sold "knock-out" US$ call options (1)

	2001		2000	
MATURITY	AMOUNT US$000	KNOCK-OUT RATE A$/US$	AMOUNT US$000	KNOCK-OUT RATE A$/US$
Less than 1 year	48,000	0.71	50,000	0.71
1 to 5 years	72,000	0.70	102,000	0.74
More than 5 years	36,000	0.76	54,000	0.76
Total	156,000	0.72	206,000	0.74

Sold "knock-in" call options (1)

	2001		2000	
MATURITY	AMOUNT US$000	KNOCK-IN RATE A$/US$	AMOUNT US$000	KNOCK-IN RATE A$/US$
Less than 1 year	9,000	0.69	28,000	0.69
Total	9,000	0.69	28,000	0.69

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

		2001	2000
CURRENCY	MATURITY	UNREALISED HEDGE GAINS/(LOSSES) A$000	A$000
US$ hedges	Less than 1 year	(29,984)	(8,352)
	1 to 5 years	(76,621)	(11,490)
	More than 5 years	(36,244)	(5,050)
	Total	(142,849)	(24,892)

(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 predetermined rate.

The valuation of these financial instruments detailed in this note reflects the estimated amounts which the consolidated entity would recognise in the Statement of Financial Performance 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 for future sales 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 44%, Europe 11%, and Asia 45%.

Notes to the financial statements continued

for the financial period ended 31 December 2001

(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 knowledgable 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:

(i) On-Balance Sheet Financial Instruments

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.

(ii) 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	Consolidated
	NET FAIR VALUE ASSET/(LIABILITY) 2001 $000	NET FAIR VALUE ASSET/(LIABILITY) 2000 $000
Off-Balance Sheet Financial Instruments		
Hedges of foreign exchange exposure	(142,849)	(24,892)

32. ECONOMIC DEPENDENCY

A controlled entity, EWL Sciences Pty Ltd (EWLS), depends on Energy Resources Australia Limited (ERA) as a significant source of revenue. During the 2001 reporting period, 71% of EWLS revenue was derived from services provided to ERA.

33. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the consolidated entity in subsequent financial years.

Directors’ Declaration

The directors declare that the financial statements and notes set out on pages 28 to 56:

(a) Comply with Accounting Standards, the Corporations Regulations 2001 and and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the Company’s and consolidated entity’s financial position as at 31 December 2001 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date

In the directors’ opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; 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.

This declaration is made in accordance with a resolution of the Directors.

B Cusack
Director
Sydney
21 February 2002

Independent Auditors' Report

Independent Audit Report to the members of Energy Resources of Australia Ltd.

Scope

We have audited the financial report of Energy Resources of Australia Ltd (the Company) for the financial period ended 31 December 2001 as set out on pages 28 to 57. The Company's Directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company the entities it controlled at the end of, or during, the financial period. We have conducted an independent audit of the 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 as to 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, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia 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 Act 2001, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2001 and of their performance for the financial period ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

PricewaterhouseCoopers
Chartered Accountants

Ross Herron
Partner

Melbourne
21 February 2002

Shareholder Information

TWENTY LARGEST SHAREHOLDERS

of A Class Ordinary Shares as at 8 February 2002

SHAREHOLDERS	NUMBER OF SHARES HELD
Peko Wallsend Ltd	65,407,896
North Limited	65,042,208
Chase Manhattan Nominees Limited	1,355,928
National Nominees Limited	1,217,232
RBC Global Services Australia Nominees Pty Limited (PIPOOLED A/C)	1,030,046
Westpac Custodian Nominees Limited	582,803
Citicorp Nominees Pty Limited	505,489
CSS Board	246,900
Ganra Pty Ltd	240,000
Cogent Nominees Pty Ltd	229,000
PSS Board	168,000
ANZ Nominees Limited	159,934
Mrs Geok Siew Lim	157,965
Lion Capital Pty Ltd	150,000
RBC Global Services Australia Nominees Pty Limited (PIIC A/C)	148,438
Caithness Consolidated Pty Ltd	80,000
Queensland Law Foundation Pty Ltd	80,000
UBS Warburg Private Clients Nominees Pty Ltd	71,059
Dr A D Maclaine-Cross & Dr G K Maclaine-Cross (AMC Super)	60,705
Ferngem Pty Ltd	58,106
Total of top twenty holdings	136,991,709

The proportion of A Class Ordinary Shares held by the twenty largest shareholders is 95.89 per cent.

Entitlement to Votes

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

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

DISTRIBUTION OF SHAREHOLDERS as at 8 February 2002

(a) A Class Ordinary Shareholders

Equal to 74.90 per cent of the issued capital

NUMBER OF SHARES HELD	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1–1,000	5,751	85.73	1,195,701	0.83
1,001–5,000	719	10.72	1,858,201	1.30
5,001–10,000	128	1.91	995,215	0.70
10,001–100,000	95	1.42	2,224,556	1.56
100,001 and over	15	0.22	136,591,773	95.60
	6,708	100.00	142,865,446	100.00

(b) B Class Ordinary Shareholders

Equal to 14.46 per cent of the issued capital

SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED 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

SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED SHARES
Japan Australia Uranium Resources Development Co Ltd	20,299,020	100.00
Total Issued Capital	190,737,934	100.00

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shares held as at 8 February 2002

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

* *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	2001★	2000	1999	1998	1997	1996	1995	1994	1993	1992
Sales Revenue ($000)	**232,808**	181,847	172,930	201,336	230,561	180,350	140,034	152,178	159,505	170,459
Earnings Before Interest and Tax ($000)	**36,467**	46,312	45,831	48,810	73,759	60,839	38,006	46,055	75,003	71,888
Profit Before Tax ($000)	**29,652**	44,280	43,152	47,617	71,572	58,560	35,424	44,281	72,528	69,089
Income Tax Expense ($000)	**13,624**	9,597	21,254	20,885	31,147	17,831	23,058	17,774	14,838	30,403
Profit After Tax ($000)	**16,028**	34,683	21,898	26,732	40,425	40,729	12,366	26,507	57,690	38,686
Total Assets ($000)	**810,699**	807,966	928,991	907,230	924,768	865,045	899,984	920,489	975,560	945,406
Shareholders' Equity ($000)	**605,713**	604,945	663,723	668,528	668,499	654,777	640,752	651,652	625,145	567,455
Long-Term Debt ($000)	**–**	–	–	81,226	27,006	31,073	69,952	88,499	120,127	174,491
Current Ratio	**1.3**	1.0	1.4	3.5	1.4	2.2	2.1	2.3	2.0	2.3
Liquid Ratio	**0.6**	0.3	0.5	1.2	0.7	1.1	1.1	1.1	1.1	0.8
Gearing Ratio (%)	**–**	–	–	10.8	3.9	4.5	9.8	12.0	16.3	23.9
Interest Cover (times)	**4.7**	8.0	13.8	12.8	19.6	11.2	7.5	13.1	18.2	15.5
Return on Shareholders' Equity (%)	**2.6**	5.7	3.3	4.0	6.1	6.3	1.9	4.2	9.7	7.0
Earnings per Share (cents)	**8**	18	11	14	21	21	6*	7	14	9
Dividends per Share (cents)	**8.0**	49.0	14.0	14.0	14.0	14.0	252.5	–	–	4.0
Payout Ratio (%)	**95**	270**	122	100	66	66	1,758**	–	–	42
Share Price ($)	**1.94**	2.31	1.70	3.05	5.90	4.65	2.92	1.25	1.30	1.22
Price–Earnings Ratio	**23.1**	12.8	14.8	21.8	27.8	21.8	45.6	19.2	9.2	12.9
Dividend Yield (%)	**4.1**	21.2**	8.24	4.6	2.4	3.0	86.5	–	–	3.3
Net Tangible Assets per Share ($)	**3.18**	3.17	3.48	3.50	3.50	3.43	3.36	1.59	1.52	1.38
Number of employees	**231**	257	272	255	246	215	198	193	198	191
Profit After Tax per Employee ($000)	**69.4**	134.9	80.5	100.9	164.3	189.4	62.4	137.3	291.4	202.5
Ore Mined (million tonnes)	**3.2**	2.4	2.5	2.3	0.7	–	0.8	0.7	0.8	0.4
Ore Milled (million tonnes)	**2.5**	1.5	1.8	1.8	1.6	1.2	0.6	0.4	0.4	1.0
Mill Head Grade (% U_3O_8)	**0.29**	0.30	0.27	0.27	0.31	0.35	0.35	0.39	0.35	0.32
Mill Recovery (%)	**90.6**	91.6	91.1	86.8	85.5	85.1	82.9	85.7	90.6	89.8
Production (tonnes U_3O_8) – drummed	**6,564**	4,144	4,375	4,162	4,237	3,453	1,548	1,462	1,335	2,980
Sales – Ranger Concentrates (tonnes U_3O_8)	**5,937**	4,511	4,006	4,635	3,956	3,364	2,013	1,935	2,250	2,230
Sales – Other Concentrates (tonnes U_3O_8)	**408**	3	–	293	1,464	868	1,418	1,510	848	1,328
Sales – Total (tonnes U_3O_8)	**6,345**	4,514	4,006	4,928	5,420	4,232	3,431	3,445	3,098	3,558

★ *Change of accounting period to 31 December year end (period of 18 months from 1 July 2000 to 31 December 2001)*

* *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 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

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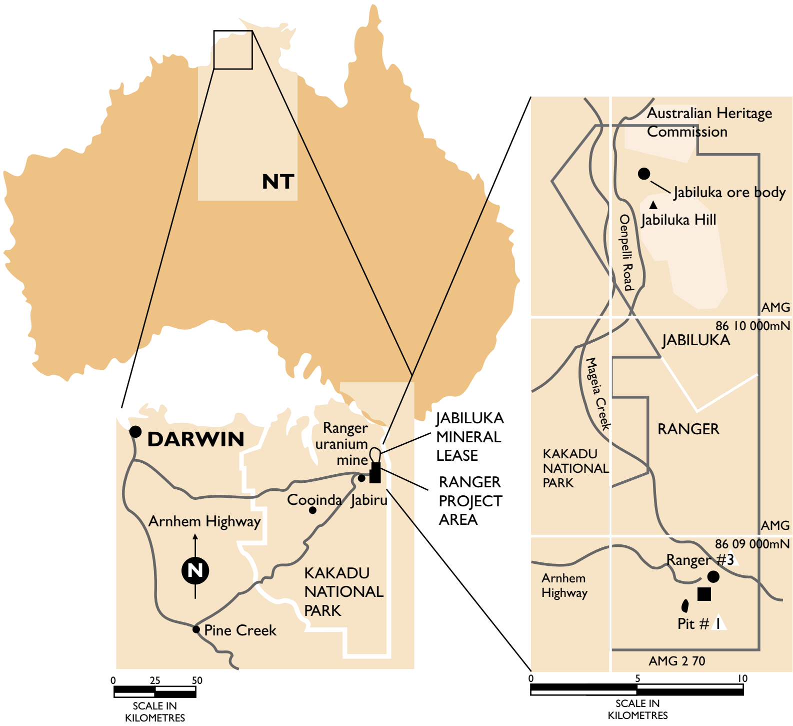
Tel: (02) 6217 6000

MANAGEMENT

R Cleary – Chief Executive
M Coulter – General Manager – Strategic Planning
J Hughes – Chief Financial Officer and Company Secretary
C Kinnell – General Manager – Marketing
Dr A Milnes – General Manager – EWL Sciences
R Weston – General Manager – Operations

Auditors – PricewaterhouseCoopers



ANNOUNCEMENTS

2001

18 October 2001	Quarterly Profit, Production & Exploration Report to 30 September 2001 (unaudited)
17 August 2001	Profit Announcement to 30 June 2001 (unaudited)
02 August 2001	Notice to Australian Stock Exchange – provision of information
19 July 2001	Quarterly Production Report to 30 June 2001 (unaudited)
19 July 2001	Appointment of Director
15 June 2001	Resignation of Assistant Company Secretary
23 May 2001	Change of Financial Year End
23 May 2001	Appointment of Director
24 April 2001	Quarterly Profit, Production & Exploration Report to 31 March 2001 (unaudited)
27 March 2001	Notice to Stock Exchange – ERA's ongoing operations
29 January 2001	Correction to ERA Ore Production for Half Year to 31 December 2000
29 January 2001	Half Yearly Profit, Production & Exploration Report to 31 December 2000 (unaudited)

2000

01 December 2000	Appointment of Directors
15 November 2000	Rio Tinto's ongoing Strategic Review
20 October 2000	Quarterly Profit, Production & Exploration Report to 30 September 2000 (unaudited)
07 September 2000	ERA Appoints Chairman
30 August 2000	Revision of Jabiluka Mineral Resource and Ore Reserve
16 August 2000	Full Year Results
16 August 2000	New Directors Appointed
10 August 2000	Energy Resources of Australia Ltd – 1999/00 Financial Year
25 July 2000	North Limited releases Target Statement
12 July 2000	Quarterly Production & Exploration Report to 30 June 2000 (unaudited)

A wide range of publications is available from ERA. The full list can be viewed on our website.

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