

## ASX Interim report – 30 June 2008

Lodged with the ASX under Listing Rule 4.2A  
This information should be read in conjunction with the  
31 December 2007 financial report.

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## Directors' Report

for the half-year ended 30 June 2008

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the consolidated financial report of the consolidated entity, being the company and its controlled entity, for the half-year ended 30 June 2008.

### Directors

The Directors of the company at any time during the half-year or since the end of the financial period:

<b>Name</b>	<b>Period of Directorship</b>
Dr D Klingner Chairman	Appointed Director July 2004 Appointed Chairman January 2005
Mr C Salisbury	Appointed Chief Executive and Director February 2007
Mr R Carter	Appointed November 1999
Prof. H Garnett	Appointed January 2005
Mr C Lenegan	Appointed July 2005, resigned January 2008
Mr P Taylor	Appointed February 2007

### Results for announcement to the market

A summary of consolidated revenues and results for the half-year is set out below:

	30 June 2008 \$000	30 June 2007 \$000	Change
Revenue from continuing activities	167,418	114,283	+46%
Expenses from continuing activities	(114,641)	(106,099)	+8%
<b>Profit from continuing activities before tax</b>	<b>52,777</b>	<b>8,184</b>	
Income tax expense	(13,828)	(2,515)	
<b>Net profit for the period attributable to members</b>	<b>38,949</b>	<b>5,669</b>	<b>+587%</b>
<b>Earnings before interest and tax</b>	<b>54,409</b>	<b>12,375</b>	<b>+340%</b>
<b>Net tangible assets per security</b>	<b>3.15</b>	<b>2.81</b>	<b>+12%</b>
<b>Uranium oxide production</b>			
- tonnes drummed	2,357	2,496	-6%
- pounds drummed ('000)	5,196	5,503	
<b>Uranium oxide sales</b>			
- tonnes	1,746	2,200	-21%
- pounds ('000)	3,849	4,850	

### Dividends

The ERA directors have declared an interim dividend of 8 cents per share (no interim dividend paid in 2007), fully franked at 30 per cent. The record date for the dividend is 26 August 2008, and it will be paid on 9 September 2008.

ERA Directors declared a final dividend of twenty cents per share for the 2007 financial year. This dividend was paid on 29 February 2008.

# Directors' Report

for the half-year ended 30 June 2008

## Review of operations

This report is based on the financial results of the company which are prepared under the Australian equivalent to International Financial Reporting Standards (IFRS).

ERA recorded a net profit after tax of A\$38.9 million for the half-year ended 30 June 2008 compared with a profit of A\$5.7 million for the same period in 2007. Earnings before interest and tax (EBIT) were \$54.4 million (June 2007: \$12.4 million).

Sales for the period were 1,746 tonnes (June 2007: 2,200 tonnes). Revenue for the period was A\$167.4 million (June 2007: A\$114.3 million). Revenue was adversely affected (A\$26.2 million) by the strengthening of ERA's realised A\$:US\$ exchange rate to 95.32 cents (June 2007: 80.70 cents). The company settled US\$32 million (June 2007: US\$33 million) in forward exchange contracts during the period at an average A\$:US\$ exchange rate of US66 cents (June 2007: US66 cents) resulting in a pre-tax gain of A\$14.5 million (June 2007: A\$9.4 million). No new currency exchange contracts were entered into during the period.

ERA's average contractual sales price is only partially influenced by the spot market due to the portfolio of contracts containing a range of pricing mechanisms entered into when the uranium oxide market was considerably weaker. The average realised sales price of uranium oxide for the six months to June 2008 was US\$35.69 per pound (June 2007: US\$16.90 per pound). Unlike recent years, overall sales pricing benefited in the first half from a higher proportion of deliveries for more recent sales contracts at higher prices, as well as deferral into the second half of 2008 of deliveries for lower priced commitments. The likely average price in the second half of 2008 will therefore be somewhat lower than in the first half of the year.

Uranium prices remain strong and the average long term market price for the June 2008 half year was US\$90.83 per pound (June 2007: US\$86.67 per pound).

Total operating costs were higher than the corresponding period last year. The company has experienced significant cost increases in key inputs including diesel, lime, acid and pyrolusite. In addition, ore characteristics have resulted in increased acid consumption.

Uranium oxide production for the June 2008 half year of 2,357 tonnes (June 2007: 2,496 tonnes of uranium oxide) was 6 per cent lower than the first half of 2007. This was due to lower mill head grade in the second quarter of 2008, caused by a combination of depleted high grade stockpiles and restricted access to higher grade ore, which is located predominantly in the bottom of the pit.

At the start of the 2007/8 wet season, high grade stockpiles were lower than the previous year due to the effects of the February 2007 significant weather event, which restricted access to high grade ore until late in the fourth quarter of 2007. At the end of the 2007/8 wet season, water levels in the pit were substantially lower than at the same time in 2007, however access to higher grade ore was again restricted. Access to higher grade was re-established in mid June 2008.

Net cash inflow for the 2008 half year was A\$0.9 million (June 2007: A\$3.3 million) which reflected increased inventory and capital project expenditure, offset by increased sales proceeds as a result of the higher realised selling price during the period. Payments for the first half increased to A\$151.8 million (June 2007: A\$117.4 million) reflecting increased production costs and capital expenditure.

Capital expenditure of A\$92.9 million in the 2008 first half (June 2007: A\$22.4 million) was predominantly to support expansion projects including the Pit 3 extension (with all heavy mobile equipment now delivered), construction of the laterite and radiometric sorting plants, and additional water treatment expansion.

With the Ranger operating pit now emptied of water, and consistent with guidance provided in January, production in 2008 is expected to be at normal levels.

## Directors' Report

for the half-year ended 30 June 2008

Commissioning of the laterite processing plant and the radiometric sorter is expected to be completed in the third quarter of 2008. The laterite processing plant will be used to process stockpiled lateritic ore, which contains a large proportion of clay minerals and is not compatible with the current processing plant. The radiometric sorter uses a technique to sort ore according to contained uranium, with consequent increase in grade of uranium for the processing plant.

Exploration has been focussed on the northern extension of the Ranger 3 Deeps area with encouraging results. As a result, high resolution three-dimensional seismic surveys will be conducted at the Ranger 3 Deeps and Ranger 18 East areas in the third quarter of 2008, with interpretation of the results expected in the fourth quarter.

In September 2007, a pre-feasibility study was announced to study options to extend the mine life and to increase production from the current processing plant. This study is now well progressed.

As part of the pre-feasibility study, ERA conducted an order of magnitude study into the heap leaching of low grade ore.

ERA has decided to commence the process of gaining approval of stakeholders for a mine expansion and the heap leach facility. The mine expansion targets an additional 8,000 tonnes of uranium oxide contained in resources while the potential 10 million tonnes per year heap leach facility will treat 15 to 20,000 tonnes of uranium oxide contained in low grade mineralised material both in situ and on stockpile. An interim budget of A\$7 million has been approved for the next stage of studies.

The scope and budget for the heap leach pre-feasibility study will be finalised after preliminary consultations with stakeholders. ERA expects to provide further guidance on progress of the next stage of development in the fourth quarter of 2008.

Following the bilateral safeguards agreement signed between the Australian and Chinese governments last year, ERA has reached in principle agreement for a contract to supply uranium oxide to an electric utility in China beginning in the second half of 2008.

### 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.

### Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page five.

Signed at Darwin this 24th day of July 2008 in accordance with a resolution of the Directors.



Dr D Klingner  
Chairman

## Auditor's Independence Declaration

As lead auditor for the review of Energy Resources of Australia Ltd for the half year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Energy Resources of Australia Ltd and the entity it controlled during the period.



Debbie Smith  
Partner  
PricewaterhouseCoopers

Melbourne  
24 July 2008

**Energy Resources of Australia Ltd**  
**Income statement**  
**For the half-year ended 30 June 2008**

	30 June 2008 \$'000	30 June 2007 \$'000
Notes		
<b>Revenue from continuing operations</b>		
Revenue from continuing operations	158,833	111,936
Other income	8,585	2,347
Total revenue from continuing operations	<u>167,418</u>	<u>114,283</u>
<b>Expenses</b>		
Changes in inventories of finished goods and WIP	62,999	34,955
Raw materials and consumables used	(57,868)	(37,284)
Employee benefits and contractor expense	(72,770)	(57,824)
Government and other royalties	(7,746)	(5,318)
Commission and shipping expenses	(2,308)	(4,811)
Depreciation and amortisation expenses	(19,385)	(21,974)
Borrowing costs	(7,871)	(6,498)
Statutory and corporate expenses	(6,623)	(4,001)
Other expenses	(3,069)	(3,344)
<b>Profit before income tax</b>	<u>52,777</u>	<u>8,184</u>
Income tax expense	(13,828)	(2,515)
<b>Profit for the period</b>	<u>38,949</u>	<u>5,669</u>
Profit is attributable to:		
Equity holders of Energy Resources of Australia Ltd	<u>38,949</u>	5,669
	<u>38,949</u>	<u>5,669</u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	5	20.4
Diluted earnings per share	5	20.4
		3.0
		3.0

*The above income statement should be read in conjunction with the accompanying notes.*

**Energy Resources of Australia Ltd**  
**Balance sheet**  
**As at 30 June 2008**

	30 June 2008 \$'000	31 December 2007 \$'000
Notes		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	18,594	17,729
Trade and other receivables	36,321	131,207
Inventories	134,379	87,254
Derivative financial instruments	11,834	16,621
Other	3,477	1,201
<b>Total current assets</b>	<b>204,605</b>	<b>254,012</b>
<b>Non-current assets</b>		
Inventories	125,563	107,154
Undeveloped properties	203,632	203,212
Property, plant and equipment	441,512	368,612
Investment in trust fund	49,886	48,088
Derivative financial instruments	-	4,275
<b>Total non-current assets</b>	<b>820,593</b>	<b>731,341</b>
<b>Total assets</b>	<b>1,025,198</b>	<b>985,353</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	63,208	49,288
Interest bearing liability	88,315	55,500
Current tax liabilities	14,802	19,769
Deferred income	10,192	10,192
Provisions	9,607	8,692
<b>Total current liabilities</b>	<b>186,124</b>	<b>143,441</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	44,318	50,245
Provisions	194,771	185,646
<b>Total non-current liabilities</b>	<b>239,089</b>	<b>235,891</b>
<b>Total liabilities</b>	<b>425,213</b>	<b>379,332</b>
<b>Net assets</b>	<b>599,985</b>	<b>606,021</b>
<b>EQUITY</b>		
Contributed equity	214,585	214,585
Reserves	399,570	406,407
Retained profits	(14,170)	(14,971)
<b>Total equity</b>	<b>599,985</b>	<b>606,021</b>

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

**Energy Resources of Australia Ltd**  
**Statement of changes in equity**  
**For the half-year ended 30 June 2008**

	<b>30 June 2008</b>	<b>30 June 2007</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the half-year</b>	<b><u>606,021</u></b>	<u>552,491</u>
Changes in the fair value of cash flow hedges, net of tax	<b><u>(6,344)</u></b>	<u>(2,035)</u>
Employee share options	<b><u>(493)</u></b>	<u>410</u>
<b>Net income recognised directly in equity</b>	<b><u>(6,837)</u></b>	<u>(1,625)</u>
Profit for the half-year	<b><u>38,949</u></b>	<u>5,669</u>
Dividends provided for or paid	3 <b><u>(38,148)</u></b>	<u>(20,981)</u>
<b>Total equity at the end of the half-year</b>	<b><u>599,985</u></b>	<u>535,554</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Energy Resources of Australia Ltd**  
**Cash flow statement**  
**For the half-year ended 30 June 2008**

	<b>Half-year ended</b>	
Notes	<b>2008</b>	2007
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	279,392	183,248
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(151,830)</u>	<u>(117,370)</u>
	127,562	65,878
Interest received	1,036	2,324
Interest and other costs of finance paid	(7,078)	(1,538)
Income taxes paid	<u>(22,498)</u>	<u>(20,068)</u>
<b>Net cash (outflow) inflow from operating activities</b>	<b><u>99,022</u></b>	<b><u>46,596</u></b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(92,851)	(22,394)
Proceeds from sale of property, plant and equipment	<u>111</u>	<u>50</u>
<b>Net cash (outflow) inflow from investing activities</b>	<b><u>(92,740)</u></b>	<b><u>(22,344)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	32,815	-
Dividend payments	<u>(38,148)</u>	<u>(20,981)</u>
<b>Net cash inflow (outflow) from financing activities</b>	<b><u>(5,333)</u></b>	<b><u>(20,981)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the half-year	17,729	14,629
Effects of exchange rate changes on cash and cash equivalents	<u>(84)</u>	<u>(279)</u>
<b>Cash and cash equivalents at end of the half-year</b>	<b><u>18,594</u></b>	<b><u>17,621</u></b>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

## 1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Energy Resources of Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## 2 Segment information

### (a) Primary reporting format - business segments

Half-year 2008	Uranium \$'000	Consulting \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>				
Sales to external customers	158,470	363	-	158,833
Intersegment sales	-	1,910	(1,910)	-
Total sales revenue	158,470	2,273	(1,910)	158,833
Other revenue	8,567	18	-	8,585
<b>Total segment revenue</b>	<b>167,037</b>	<b>2,291</b>	<b>(1,910)</b>	<b>167,418</b>
<b>Consolidated revenue</b>				<b>167,418</b>
<b>Profit/(loss) before tax</b>	<b>52,696</b>	<b>81</b>	<b>-</b>	<b>52,777</b>
<b>Half-year 2007</b>				
	Uranium \$'000	Consulting \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>				
Sales to external customers	111,699	237	-	111,936
Intersegment sales	-	1,902	(1,902)	-
Total sales revenue	111,699	2,139	(1,902)	111,936
Other revenue	2,340	7	-	2,347
<b>Total segment revenue</b>	<b>114,039</b>	<b>2,146</b>	<b>(1,902)</b>	<b>114,283</b>
<b>Consolidated revenue</b>				<b>114,283</b>
<b>Profit/(loss) before tax</b>	<b>8,993</b>	<b>(809)</b>	<b>-</b>	<b>8,184</b>

## 3 Dividends

Half-year ended	
2008	2007
\$'000	\$'000

### (a) Ordinary shares

Final dividend for the year ended 31 December 2007 of 20 cents (2006 - 11 cents) per fully paid share paid on 29 February 2008 (2006 - 1 March 2007)

Fully franked based on tax paid @ 30%	<b>38,148</b>	20,981
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## 4 Contingencies

### (a) Legal actions against ERA

Unresolved legal action commenced by the Mirarr Traditional Owners 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 this legal dispute.

## 5 Earnings per share

	Half-year ended	
	2008	2007
	Cents	Cents
Basic earnings per share	20.4	3.0
Diluted earnings per share	20.4	3.0

Weighted average number of ordinary shares on issue used in the calculation basic earnings per share: 2008: 190,737,934; (2007: 190,737,934)

## 6 Events occurring after the balance sheet date

There have been no material events occurring after balance date that have not been reported in the half-year financial statements.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 11 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of their performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Energy Resources of Australia Ltd 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.



Dr D Klinger

**Chairman**

Darwin  
24 July, 2008

## Independent auditor's review report to the members of Energy Resources of Australia Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energy Resources of Australia Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Energy Resources of Australia Ltd (the consolidated entity). The consolidated entity comprises both Energy Resources of Australia Ltd (the company) and the entity it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Resources of Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's review report to the members of  
Energy Resources of Australia Ltd (continued)**

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Energy Resources of Australia Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*D. G. Smith*

Debbie Smith  
Partner

Melbourne  
24 July 2008