



ASX Announcement

31 July 2013

June 2013 Half-Year Results

				June 2013 \$000	June 2012 \$000
Revenue from sales of uranium oxide	Down	8%	to	136,222	147,999
Revenue from ordinary activities	Down	12%	to	144,285	163,166
Earnings Before Interest, Tax, Depreciation & Amortisation	Up	3,987%	to	49,703	1,216
Loss from ordinary activities after tax attributable to members	Up	11%	to	(53,546)	(59,868)
Net loss for the period attributable to members	Up	11%	to	(53,546)	(59,868)
Underlying Earnings ¹	Down	4%	to	(53,546)	(51,504)
Earnings per share (cents)				(10.3)	(11.6)
Note:					
1. Reconciliation of net loss for the period to underlying earnings					
Net profit / (loss) for the period attributable to members				(53,546)	(59,868)
Finished Goods Inventory Adjustment to Net Realisable Value				-	8,364
Underlying Earnings				<u>(53,546)</u>	<u>(51,504)</u>

Review of operations

ERA's net loss for the half-year ended 30 June 2013 was \$53.5 million compared with a net loss of \$59.9 million for the same period in 2012. Underlying earnings in the June 2012 half-year differed from the net loss for that period due to an adjustment to record finished goods inventory at its net realisable value.

Earnings before interest, taxation, depreciation and amortisation were \$49.7 million for the June 2013 half-year, compared with \$1.2 million for the June 2012 half-year period.

Revenues from sales of uranium oxide decreased to \$136.2 million from \$148.0 million in the June 2012 half year due to a lower average realised sales price, which was partially offset by a lower A\$:US\$ exchange rate. Sales volume was marginally lower for the period at 1,147 tonnes compared with the June 2012 half-year of 1,229 tonnes. As in previous years, forecast sales in 2013 are weighted towards the second half of the year.

The average realised sales price of uranium oxide for the June 2013 half-year was US\$53.63 per pound compared with US\$57.57 per pound for the corresponding period in 2012. This change was attributable to the decrease in the long term uranium price indicator and ERA's sales contract mix. For the 2013 half-year, the average long term uranium price indicator was US\$56.75 per pound and the average spot price was US\$41.45 per pound, compared to US\$60.67 per pound and US\$51.53 per pound respectively for the same period in 2012.

As sales of uranium oxide are denominated in US dollars, the weakening of the Australian dollar had a favourable impact on revenue when compared to 2012. The average A\$:US\$ exchange rate for the first half of 2013 was US99.5 cents compared to US105.4 cents in the June 2012 half-year.

Uranium oxide produced for the period was 1,847 tonnes compared with 1,244 tonnes for the June 2012 half-year. Uranium oxide production for the June 2013 half-year benefited from milling higher grade ore which had been stockpiled prior to the completion of Pit 3 in November 2012. The majority of that higher grade ore was processed during the June 2013 half-year. Until the commencement of production from the Ranger 3 Deeps mine (which remains subject to ERA Board and regulatory approvals), the mill will be fed with lower grade stockpiled material. Accordingly, ERA expects that the mill head grade in the second half of 2013 will be similar to the mill head grade achieved in the first half of 2012.

Since completion of mining in Pit 3 during November 2012, fleet operations have been focused on the initial backfill of Pit 3. This work is presently ahead of schedule, with 11.9 million tonnes of waste material moved into the pit during the half-year. By 30 June 2013, a total of 13.9 million tonnes of waste material has been moved into Pit 3 out of a planned total of 30 million tonnes of material. The high level of fleet efficiency has enabled ERA to reduce the fleet from fifteen trucks to eight whilst maintaining the original schedule for completion of the initial backfill. This has resulted in a corresponding reduction of 55 roles.

Cash costs for the June 2013 half-year were lower than the corresponding period in 2012. Consumables, employee benefits and contractor expenses were lower largely due to allocation of the majority of the mining fleet's costs to the rehabilitation provision. The reduction in contractor expenses in the June 2013 half-year was partially offset by an increase in expenditure on the Ranger 3 Deeps Exploration Decline project; with total spend for the June 2013 half year of \$18.5 million.

In January 2013, ERA sold all remaining stock of purchased uranium oxide on hand. Total sales of purchased product for the half-year ended June 2013 amounted to 48 tonnes compared to 447 tonnes for the corresponding period of 2012. No uranium oxide was purchased during the half-year ended June 2013 compared to 387 tonnes in the corresponding period of 2012. During the period ERA repaid all remaining uranium oxide loans.

ERA's non-cash costs have continued to increase significantly in the June 2013 half-year. Depreciation, which is largely calculated on a units of production basis, has significantly increased due to the higher production of uranium oxide during the first half of 2013.

Capital expenditure for the June 2013 half-year was \$64.0 million compared to \$51.8 million in the corresponding period of 2012. Capital expenditure for the 2013 half-year was largely associated with the Brine Concentrator project, with expenditure of \$59.4 million in the period.



Exploration

ERA is set to resume its surface exploration programme on the Ranger Project Area in early Quarter 3. The programme will focus on areas where mineralisation has previously been identified.

Ranger 3 Deeps Exploration Decline

Construction of the Ranger 3 Deeps Exploration Decline continued with the decline face reaching 1,000 metres from the surface on 26 June 2013.

Underground exploration drilling of the Ranger 3 Deeps resource began in late May 2013 with two holes drilled by 30 June 2013 totalling 1,002 metres. Analysis and interpretation of the core from these holes is underway with the results to be provided in due course.

The project presently remains on schedule and within budget. Completion of the exploration decline is anticipated in late 2014.

ERA will invest an estimated \$120 million in the Ranger 3 Deeps Exploration Decline project to conduct close spaced underground exploration drilling to further define the Ranger 3 Deeps ore body, and to explore areas adjacent to the resource.

Ranger 3 Deeps Mine Prefeasibility Study

The Ranger 3 Deeps Mine Prefeasibility Study continued, with work well underway on technical analysis of the ore body as well as commencement of the environmental approvals process. The public consultation period for the draft Environmental Impact Statement guidelines for the proposed Ranger 3 Deeps underground mine closed on 19 July 2013. We are presently awaiting the issue of the final guidelines.

The study remains on budget, with an estimated cost of \$57 million. It aims to evaluate and confirm the scope for a possible Ranger 3 Deeps underground mine. It will also include 16,000 metres of drilling for resource definition (in addition to the 35,000 metres of drilling approved as part of the Ranger 3 Deeps Exploration Decline project), an extension of the decline and the installation of a ventilation shaft.

Brine Concentrator

The June 2013 half-year saw significant progress on the Brine Concentrator, with construction nearing completion and final commissioning anticipated to occur in Quarter 3 2013. The project remains on schedule and within budget.

On full commissioning, the Brine Concentrator will have a nominal capacity to produce 1.83 gigalitres per annum of clean water through the treatment of process water. This is a critical component of ERA's operating and rehabilitation strategy.

Dividends

In light of the financial results and the forecast cashflow requirements for the implementation of ERA's strategic initiatives, the ERA directors have decided not to declare an interim dividend in respect of the 2013 half-year (2012:Nil).

No final dividend was paid in respect to the 2012 financial year.

Outlook

In the short term, the uranium market remains challenging with utilities well supplied and post Fukushima uncertainty remaining in the Japanese market. In 2012, two Japanese reactors were authorised to restart with 10 reactors currently under review by the Japanese Nuclear Regulatory Authority. The spot price for uranium oxide fell slightly below the US\$40 per pound mark at the end of June, the lowest end of month price since February 2006. Long term prices remain in the mid US\$50s per pound of uranium oxide with minimal activity. An oversupply of material in the short term is expected to maintain this trend.

The longer term outlook remains encouraging for established producers. The continued period of low prices is expected to impact new producers causing a supply shortage in the medium to long term. ERA is well positioned for a stronger market in the mid-term, should the Ranger 3 Deeps mine be developed.

As previously communicated, production of uranium oxide for 2013 is expected to remain in the range of 2,700 tonnes to 3,300 tonnes, with sales expected to be aligned with production and weighted towards the second half of the year.

Resignation of Chief Executive

ERA's Chief Executive, Rob Atkinson, has today advised the Board of his intention to resign as Chief Executive of the Company to accept another role within the Rio Tinto Group.

Mr Atkinson was appointed as Chief Executive of the Company on 8 September 2008. The Board expressed its thanks to Mr Atkinson for his valuable and dedicated service to the Company over the last five years as Chief Executive.

Mr Atkinson will work with the Board to ensure a smooth transition to his successor. An announcement on the timing of Mr Atkinson's departure and the appointment of his successor will be made in due course.

About Energy Resources of Australia Ltd

ERA is one of the nation's largest uranium producers and Australia's longest continually operating uranium mine.

ERA has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for three decades. Ranger mine is one of only three mines in the world to produce in excess of 100,000 tonnes of uranium oxide.

ERA's Ranger mine is located eight kilometres east of Jabiru and 260 kilometres east of Darwin, located in Australia's Northern Territory.

For further information, please contact:

Media Relations

Janet Hamilton
Office: +61 (0) 8 8924 3550
Mobile: +61 (0) 437 326 696
Email: janet.hamilton@era.riotinto.com

Investor Relations

Chris Maitland
Office: +61 (0) 3 9283 3063
Mobile: +61 (0) 459 800 131
Email: chris.maitland@riotinto.com

Website: www.energyres.com.au
Twitter: Follow @ERARangerMine on Twitter