

**ERA****Energy Resources of Australia Ltd**

ABN 71 008 650 865

**Media Release and Stock
Exchange Announcement**

22 July 2005

HALF-YEAR RESULTS 2005

	Six months ended 30 June 2005	Six months ended 30 June 2004	Change
Revenue (A\$ million)	129.8	95.4	36.0%
Earnings before interest and tax (A\$ million)	25.0	17.7	41.2%
Net profit after tax (A\$ million)	17.0	14.0	20.7%
Total dividends (cents per share)	6.0	6.0	0%
U ₃ O ₈ production (tonnes drummed)	2,714	2,307	17.6%
U ₃ O ₈ sold tonnes	3,000	2,254	33.1%

(Note: The financial statements have been prepared for the first time under Australian equivalents to International Financial Reporting Standards (IFRS). Comparative figures for 2004 have been restated using the Australian equivalents to the IFRS. Refer to the Appendix – 4D, released separately, for a detailed explanation of the transition to these standards.)

Profit

ERA recorded a net profit after tax of A\$17.0 million for the half-year ended 30 June 2005 compared with a profit of A\$14.0 million for the same period in 2004.

The benefit of the higher sales volume and improved prices for uranium oxide was offset by the impact of the strengthening Australian dollar (A\$8.5 million).

With mining at ERA's Ranger operation expected to end in 2008, and processing in 2011, ERA has reviewed its plans for mine closure. As part of this review a mine closure model has been developed, resulting in an estimate of the technical, environmental, social and other costs, through to final closure, on both the Ranger project area and surrounds. This model, which will be progressively refined over the coming years, has been used as the basis for calculating the closure-related financial adjustments required as part of the first time adoption of the Australian equivalent to the International Financial Reporting Standards.

As foreshadowed in the April 2005 Chairman's address to the Annual General Meeting, these closure-related provisions will have a negative effect on annual profits in future years. The total mine closure expense, net of tax, for 2005 is expected to be approximately A\$8 million (A\$4 million in these half-year accounts). The net present cost of the closure model for the Ranger project area and surrounds is estimated to be A\$176 million, and is reflected as a provision in the balance sheet.



ERA is obliged to secure funds for certain costs of rehabilitation of the Ranger mine site as a contingency on the assumption of immediate closure. This amount is determined by an independent assessor appointed by the Commonwealth Government and is reviewed annually. Currently ERA has A\$41.4 million in a government-administered trust fund for this purpose, with a further A\$23.6 million available through a bank guarantee.

Revenue

Sales for the first half of 2005 were 3,000 tonnes, including 322 tonnes of loaned material (2004 first half: 2,254 tonnes). Revenue for the half-year was A\$129.8 million (2004 first half: A\$95.4 million). ERA's contractual sales price is only partially influenced by the spot market because of the diversified sales contract portfolio. As at 30 June 2005 the spot market price was US\$28.83 per pound (31 December 2004: US\$20.43 per pound).

ERA settled US\$34 million (2004 first half: US\$34 million) of forward exchange contracts during the half-year. Settlement of forward exchange contracts, combined with the strengthening \$A: \$US exchange rate, resulted in an effective exchange rate for the period of 75.9 cents compared with 71.2 cents the same period in 2004. The strengthening Australian dollar has negatively impacted revenue by approximately A\$8.5 million compared with 2004.

Cashflow

The net operating cashflow of A\$23.1 million (2004: A\$5.1 million) was higher than in the 2004 first half due to a combination of higher sales volumes of uranium oxide, increased prices received on sales, and the interest received as a result of the favourable High Court decision in the trading stock case handed down in December 2004. This was partially offset by higher production costs, and the effect of the strengthening Australian dollar on sales.

Dividends

ERA Directors declared an interim dividend for the year of six cents per share, fully franked at 30 per cent (compared with a dividend of six cents for the same period in 2004). The record date for the dividend is 17 August 2005 and it will be paid on 31 August 2005.

Operations

Drummed production for the half-year was 2,714 tonnes uranium oxide (2004 half year: 2,254 tonnes uranium oxide). Uranium loans were required to meet higher sales commitments arising from some customers electing to exercise upward volume flexibilities in their contracts.

Outlook

ERA expects that the second half sales will be similar to those in the first half of 2005.

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