ERA

2012 Annual Report

www.energyres.com.au

2012 Review

Strong safety performance – AIFR 0.52

Refer to page 19 for further detail

Surrounding environment remains protected

Refer to page 32 for further detail

103 Indigenous employees

Refer to page 37 for further detail

Finished mining in Pit 3 ahead of schedule

Refer to page 12 for further detail

$75 Million in cumulative cost savings as part of ERA's ongoing Business Review

Refer to page 11 for further detail

Brine Concentrator and Ranger 3 Deeps exploration decline projects on schedule and on budget

Refer to pages 17 & 18 for further detail

Record plant performance

Refer to page 12 for further detail

Produced 3,710 and sold 3,223 tonnes of uranium oxide

Refer to pages 10 & 11 for further detail

Successfully completed 2.3 metre lift to Tailings Storage Facility

Refer to page 13 for further detail

Executed Ranger Mining Agreement

Refer to page 40 for further detail

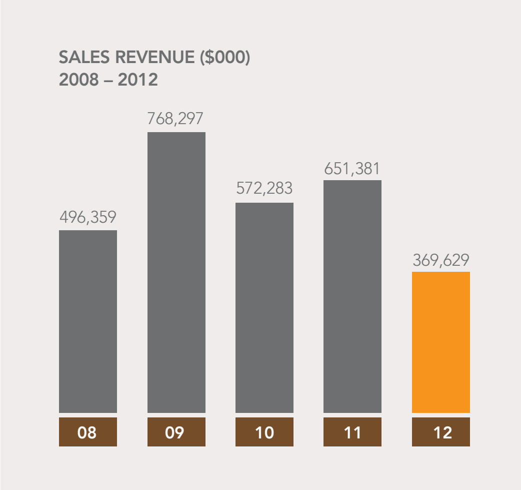
Won Australian Road Safety Award

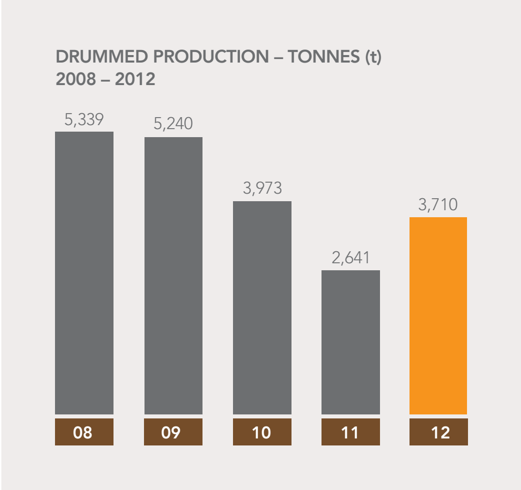
Refer to page 20 for further detail

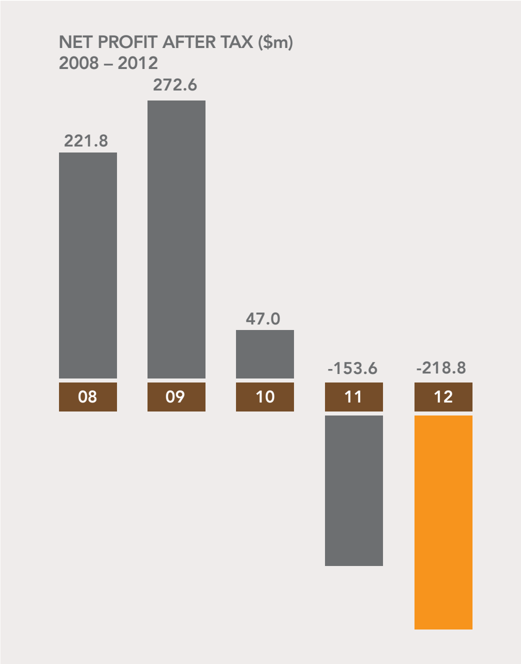
Net loss after tax – $219 million

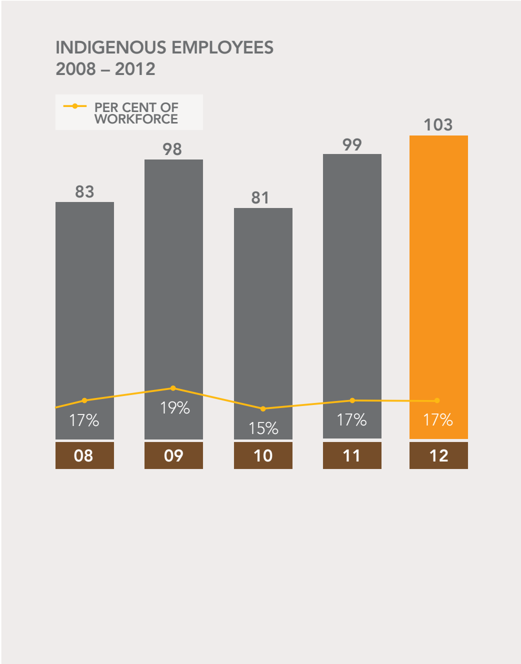
Refer to page 10 for further detail

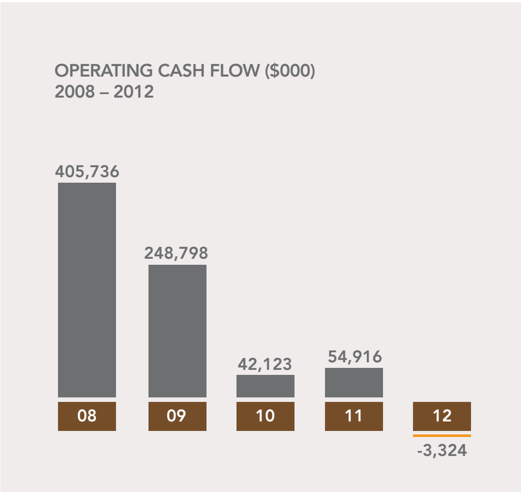
Front cover: Scott Miller, a local West Arnhem College student, who undertook his school based apprenticeship with ERA, was awarded the Northern Territory Board of Studies School-Based Trainee High Commendation award in December 2012 (read more about Scott's story on page 39).

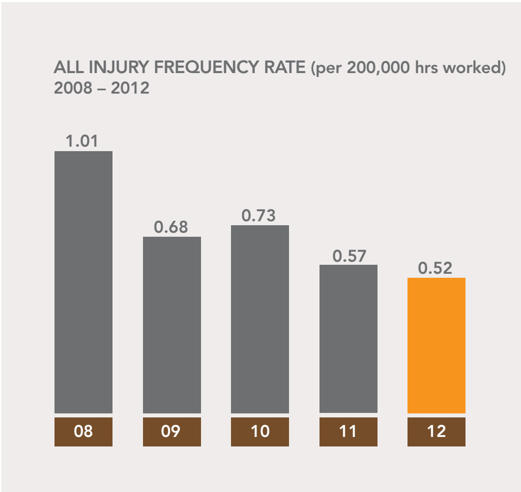












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Sustainable Development Report

Company Profile

As Australia's longest continually operating uranium mine and one of the nation's largest uranium producers, Energy Resources of Australia Ltd (ERA) has an excellent track record of reliably supplying customers. Uranium has been mined at Ranger for more than three decades and it is one of only three mines in the world to produce in excess of 100,000 tonnes of uranium oxide (U_3O_8). Ranger commenced commercial production of drummed uranium oxide in 1981. Following completion of mining in the operating Pit 3 in November 2012, ERA has begun the transition from open cut mining to underground exploration of the Ranger 3 Deeps mineral resource and potential underground mining.

ERA sells its product to power utilities in Asia, Europe and North America under strict international and Australian Government safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes. It maintains long term relationships with customers and meets their energy needs by providing consistent and reliable supply of uranium oxide.

Located eight kilometres east of Jabiru and 260 kilometres east of Darwin, in Australia's Northern Territory, ERA's Ranger mine lies within the 79 square kilometre Ranger Project Area. The Jabiluka deposit also held by ERA is 22 kilometres north of Ranger. This world-class deposit is under long term care and maintenance and, in accordance with the Jabiluka Long Term Care and Maintenance Agreement, will not be developed by ERA without the approval of the Mirarr Traditional Owners. The Ranger Project Area and the Jabiluka lease are located on Aboriginal land, and surrounded by, but separate from, the World Heritage listed Kakadu National Park.

Conditions for operating at Ranger and Jabiluka are set out in agreements entered into by the Northern Land Council on behalf of the Traditional Owners under the Commonwealth *Aboriginal Land Rights (Northern Territory) Act 1976.*

Rio Tinto, a diversified resources group, owns 68.4 per cent of ERA shares. The balance of the Company's shares are publicly held and traded on the Australian Securities Exchange.

Vision

To maintain its position as a world-class uranium supplier that contributes to environmental sustainability and is trusted by the Traditional Owners, the community and our people.

Code of Business Conduct

ERA strives to uphold the guiding principles set out in our Code of Business Conduct, namely:

- the paramount importance of the safety and wellbeing of our employees, contractors and the community;
- respecting the culture and aspirations of Indigenous people in our community, particularly the Mirarr Traditional Owners of the land on which ERA operates;
- caring for our surrounding environment through exemplary management systems and commitment to the principles of sustainable development;
- creation of value for our shareholders;
- building partnerships with our customers and aiming to exceed their expectations; and
- strengthening the culture of compliance within the regulatory framework in which ERA operates.

Acknowledgement

ERA acknowledges the Mirarr people, Traditional Owners of the land on which ERA operates.

2012 in Review

Health and Safety

OBJECTIVE:

- Continue to work towards the goal of zero harm through strong safety leadership with extensive employee and contractor engagement.

HIGHLIGHTS:

- Continued strong safety performance, with an All Injury Frequency Rate (AIFR) of 0.52 and a low severity rate.
- Nominated for the Rio Tinto Chief Executive's Safety Awards.
- Won national recognition for outstanding achievement in driver safety initiatives at the Australian Road Safety Awards.
- Introduced a new Critical Control Monitoring Plan (CCMP) designed to proactively manage significant risks.

CHALLENGE:

- Ensuring that contractors working at Ranger achieved the high level of performance set and achieved by ERA employees.

Luke Masterson, Health and Safety Advisor, undertaking a safety audit on scaffolding as part of ERA's Critical Control Monitoring Plan.

Please refer to page 19 for more details.

Environment

OBJECTIVES:

- Ensure that ERA's operations do not adversely impact on the surrounding environment.
- Progress implementation of water management strategy.
- Progress the rehabilitation of Pit 1 and land application areas.

HIGHLIGHTS:

- The Supervising Scientist Division 2011-12 Annual Report confirmed "that the environment has remained protected through the period".
- Safely completed a 2.3 metre lift of Tailings Storage Facility and installation of a contingency pumping system providing additional contingency storage in case of heavy rainfall.
- Constructed a new one gigalitre (one billion litres) pond water retention pond.
- Commenced rehabilitation of Pit 1 with the installation of 7,554 prefabricated vertical drains or 'wicks' to assist with dewatering ahead of capping.
- Successfully implemented land application area rehabilitation trials.
- Continued to progress key actions relating to a detailed independent review of the ground water systems around the Tailings Storage Facility, as commissioned by ERA and the Gundjeihmi Aboriginal Corporation.

Cherie Gellert, Environmental Scientist standing by a Corymbia disjuncta tree in the trial landform, which was planted in March 2009 and is now 8.1 metres high.

- Completed an independent review of surface water monitoring and reporting systems in conjunction with the Gundjeihmi Aboriginal Corporation.
- ERA and the Gundjeihmi Aboriginal Corporation commenced discussions on plans for the progressive rehabilitation of the water pond on the Jabiluka lease.
- Achieved significant progress on the Integrated Tailings, Water and Closure Prefeasibility Study.
- $220 million Brine Concentrator project progressing well and due for commissioning in Q3 2013.

CHALLENGE:

- Large inventory of pond water resulting from rainfall in the 2010-2011 and 2011-2012 wet seasons.

Please refer to page 32 for more details.

Operations

OBJECTIVES:

- Ensure completion of mining in Pit 3 by end of 2012.
- Continue to progress initiatives to improve efficiency in the operation resulting in lower unit costs per tonne mined and per tonne milled.
- Progress the Integrated Tailings, Water and Closure Prefeasibility Study.

HIGHLIGHTS:

- Produced a total of 3,710 tonnes of uranium oxide.
- Pit 3 dewatered ahead of schedule allowing early commencement of mining operations after heavy rainfall.
- Completed mining in Pit 3 in late November – one month ahead of schedule and commenced backfill.
- Excellent plant utilisation rates helped to offset the lower production associated with processing lower grade stockpiles in the first half of the year, and contributed to a 31 year record for mill throughput.
- Refurbished and upgraded 60 ERA owned Jabiru houses.
- Achieved significant progress on the Integrated Tailings, Water and Closure Prefeasibility Study.

CHALLENGE:

- Continue to drive unit costs down and safely progressing backfill of Pit 3.

Please refer to page 12 for more details.

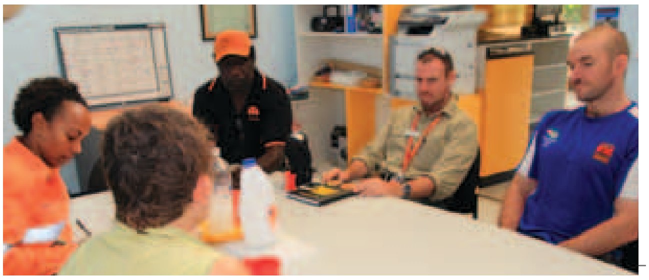
Communities and Government

OBJECTIVES:

- Finalise and implement the Ranger Mining Agreement with Mirarr Traditional Owners and set up the resulting Relationship Committee.
- Ensure appropriate consultation with the Mirarr Traditional Owners and stakeholders in regard to development of ERA's major projects.

HIGHLIGHTS:

- Key terms of Ranger Mining Agreement finalised in 2012, with the agreement executed in January 2013.
- Continued developing areas of agreement and mutual interest with the Gundjeihmi Aboriginal Corporation on regional development and the future of Jabiru.
- The Gundjeihmi Aboriginal Corporation became a formal member of the Minesite Technical Committee.
- Collaborated with the Gundjeihmi Aboriginal Corporation and Mirarr Traditional Owners around surface water, closure criteria, housing and other areas of mutual interest.
- Kept local stakeholders and community members updated on ERA's business activities through quarterly community briefings in and around Jabiru.



Above: Leona Katzer, Communities Advisor, ERA, Sampson Henry, Alcohol and Drug Officer, Jabiru Health Clinic, Andy Ralph, Homeland Officer, West Arnhem College (Jabiru Campus), Brendan O'Brien, Health Lifestyle Coordinator, Jabiru Health Clinic, and Kathy Bannister, Project Manager, Children's Ground meeting to discuss future plans.

- Commissioned an Economic Impact Assessment of ERA's operations in the region.
- The Administrator of the Northern Territory hosted an event at Government House to recognise ERA's contribution to Indigenous employment, education and community engagement.

CHALLENGE:

- Multi-party negotiations surrounding the finalisation of the Mining Agreement and associated approval processes.

Please refer to page 40 for more details.

People

OBJECTIVES:

- Utilise innovative recruitment strategies to continue to attract high calibre candidates.
- Better utilise the skills of our existing people.
- Provide competitive workplace benefits for all our employees.
- Increase participation in development opportunities.
- Build our leadership capabilities through our leadership coaching and mentoring programme.
- Expand upon Indigenous employment, training and development opportunities and enhanced education programmes.

HIGHLIGHTS:

- Implemented a new in-house recruitment model, which addresses ERA's specific business needs.
- 133 leaders participated in Indigenous Awareness Training.
- Indigenous employment averaged 17 per cent of total workforce in 2012.
- Sponsored five participants in the Indigenous Mine Training Programme and currently have five Indigenous trainees within the business.
- Co-winner of best Training Initiatives Programme recognised at the Australia National Training Awards.

CHALLENGE:

- National skills shortage in the resources industry and the high cost of living in the Northern Territory.

Please refer to page 37 for more details.

2012 in Review

Major Projects

OBJECTIVES:

- Complete portal access and commence development of Ranger 3 Deeps exploration decline.
- Initiate a Prefeasibility Study into the development of the potential Ranger 3 Deeps underground mine and initiate approval processes.
- Progress Brine Concentrator project to ensure major items manufactured and delivered to site by the end of the year.

HIGHLIGHTS:

- Major projects are on schedule and on budget.
- Strong safety performance achieving an AIFR of 0.46.
- **Brine Concentrator:**
  - Completed Brine Concentrator study and moved to execution phase.
  - Civil works completed and all major items for the Brine Concentrator safely delivered to Ranger mine in December 2012.
  - Commissioning expected in Q3 2013.
- **Ranger 3 Deeps exploration decline:**
  - Ground breaking occurred on 1 May 2012.
  - Box cut successfully excavated and portal access tunnel completed in October 2012.
  - Backfill of the box cut completed by December 2012.
  - As at 31 December 2012, development of the exploration decline had progressed to approximately 57 metres.

One of the large convoys of major components of the Brine Concentrator arriving at Ranger mine in November.

- **Ranger 3 Deeps underground mine study:**
  - $57 million underground mine Prefeasibility Study approved by the ERA Board.
  - Prefeasibility Study progressing on schedule and within budget.
  - Referral for underground mine submitted to regulators in January 2013.

CHALLENGE:

- Completion of backfill of the box cut for the Ranger 3 Deeps exploration decline project prior to commencement of the 2012/2013 wet season.
- Delivery of major components of the Brine Concentrator unit to Ranger mine prior to commencement of the 2012/2013 wet season.

Please refer to page 17 for more details.

Financial

OBJECTIVE:

- Achieve Business Review ongoing cost reduction targets of $40 million in 2012, targeting $150 million by the end of 2014.

HIGHLIGHTS:

- Achieved a total of $55 million of cash savings in 2012, compared to a target of $40 million set by the 2011 Business Review Programme.
- At the end of 2012, the total cumulative savings were $75 million.

CHALLENGE:

- Continued upward cost pressures in the resources industry and the Northern Territory.
- Continuing to develop a cost efficiency culture without compromising safety or operational success.

Please refer to page 10 for more details.

Exploration

OBJECTIVE:

- Progress an expanded exploration programme on Ranger Project Area.

HIGHLIGHTS:

- Conducted surface exploration drilling on the Ranger Project Area.
- Significant intersection at Ranger 19.

CHALLENGE:

- Due to the current market conditions, surface exploration will be undertaken over a longer period of time than initially communicated.

Please refer to page 14 for more details.

2013 Objectives

Area	Objective
Health and Safety	• Continue to work towards the goal of zero harm through strong safety leadership with extensive employee and contractor engagement. • Implement Critical Control Management Plans to proactively manage ERA's biggest safety risks.
Environment	• Ensure ERA's operations do not adversely impact the surrounding environment. • Commence rehabilitation of the Jabiluka water management pond. • Continue the progressive rehabilitation on the Ranger Project Area.
Operations	• Backfill 20 million tonnes of rock from stockpiles into Pit 3. • Produce 2,700 – 3,300 tonnes of uranium oxide. • Complete Integrated Tailings, Water and Closure Prefeasibility Study in Q2 2013. • Complete feasibility studies into the transfer of tailings from the Tailing Storage Facility to Pit 3 and injection of brines (from the Brine Concentrator) into the base of Pit 3.
Communities and Government	• Establish a Relationship Committee in Q1 2013 with the Mirarr Traditional Owners and the Gundjeihmi Aboriginal Corporation to ensure effective information sharing and dialogue. • Develop a long term vision for Jabiru with Traditional Owners, governments and stakeholders in Q4 2013. • Continue stakeholder engagement in relation to the proposed Ranger 3 Deeps underground mine.
People	• Continue to grow Indigenous employment with a target of 20 per cent of ERA's workforce. • Continue to use innovative recruitment strategies to attract high calibre candidates. • Manage the impacts and opportunities for employees as the operation changes from open cut mining to potentially an underground mining operation.
Major Projects	• Safely construct and successfully commission the Brine Concentrator in Q3 2013. • Progress the Ranger 3 Deeps exploration decline to approximately 1,400 metres. • Commence underground close spaced drilling of Ranger 3 Deeps resource in Q2 2013. • Progress the Ranger 3 Deeps mine Prefeasibility Study and prepare environmental assessments.
Financial	• Continue to progress the Business Review Programme towards a target of $150 million in cumulative cash savings by the end of 2014. • Work with suppliers to improve delivery of goods and services in a cost effective way. • Continue to restructure the business to adapt to lower production levels and market conditions.
Exploration	• Progress surface exploration programme on known prospective areas on the Ranger Project Area.

Chairman & Chief Executive's Report

After more than 31 years of operations and the production of more than 100,000 tonnes of uranium oxide, open pit mining at Ranger mine ceased.

2013 will mark a new beginning for the Company with future production being sourced from the existing stockpiled material and a potential Ranger 3 Deeps underground mine.

Detailed investigation of the exciting Ranger 3 Deeps deposit has commenced. This deposit contains a mineral resource of 34,000 tonnes of uranium oxide (10 million tonnes at an average grade of 0.34 per cent U_3O_8). The Ranger 3 Deeps resource is one of the world's best undeveloped uranium deposits, so significant that ERA was awarded the *Australian Explorer of the Year* in 2009.

The Ranger 3 Deeps exploration decline project progressed on schedule, with the box cut and access portal successfully completed, and the excavation of the decline tunnel reaching approximately 57 metres by 31 December 2012.

The results of the closed space diamond drilling programme, scheduled to commence in Q2 2013, will provide more details of the potential of the Ranger 3 Deeps mineralised zone.

ERA is currently conducting a rigorous $57 million Prefeasibility Study to evaluate and confirm the scope of a possible Ranger 3 Deeps underground mine.

Should the study indicate that an underground mine is viable, ERA will consult closely with the Gundjeihmi Aboriginal Corporation and our other major stakeholders and seek approval through appropriate regulatory channels.

ERA is in a strong position to make the transition from open cut mining to an underground operation, pending the outcome of further studies and obtaining all necessary stakeholder and regulatory approvals.

Future potential underground operations will have a lower impact and smaller footprint on the landscape, while maintaining a similar commercial contribution to the local region.

Surface exploration continued on the remainder of the Ranger Project Area. This work has already led to a significant intersection at Ranger 19.

The Jabiluka deposit is one of the largest undeveloped uranium deposits in the world. It remains under long term care and maintenance and will not be developed without the agreement of the Mirarr Traditional Owners.

With the cessation of open pit mining ERA can commence rehabilitation of the Ranger Project Area with the backfilling of the Ranger Pit 3. This started in late 2012. This work will eventually see the removal of the Tailings Storage Facility and placement of tailings in Pit 3. It will finally result in a surface landform similar to the surrounding environment.

This coming year will also see ERA complete construction and commissioning of the Brine Concentrator. Water management is the most significant operational challenge faced by our Company and the Brine Concentrator will provide ERA with significant process water treatment capacity, which will aid ERA's ability to manage impacts of future heavy rainfall events.

While ERA focuses on bringing the Ranger 3 Deeps project to fruition, the ongoing operations will be based on the efficient recovery and treatment of the low grade ore stockpiles. The production will be lower than previous years and considerable effort has been made to reduce costs. Since the Business Review conducted in 2011, cumulative savings of $75 million have been achieved and ERA is targetting cumulative savings of $150 million by the end of 2014. This needs to be an area of strong, continued and sustained effort.

The completion of mining operations in Pit 3 was an achievement that did not come easily. The year started with a very large inventory of water due to the effect of the successive high annual rainfalls experienced in recent years. Particularly heavy rainfall experienced in December 2011 forced the early termination of mining operations in 2012.

Due to the strong performance of the Water Management and Mining teams, ERA achieved access to Pit 3 in May, which resulted in the extraction of final ore by the end of November, one month earlier than planned.

Ore processing operations in 2012 were also notable with tonnage throughput the highest ever achieved in the history of ERA's operations.

ERA made great strides in water management, with the completion of a final lift on the Tailings Storage Facility and the construction of a pond water retention storage facility, providing ERA with further capability to manage high rainfall.

We are pleased to say that ERA faced these challenges safely, efficiently, and successfully.

Of particular satisfaction in 2012 was the continuation of the very good safety performance. ERA's Light Vehicle Safety initiative, which seeks to reduce risks of driving between Ranger and Darwin, won the Australian Road Safety Founder's Award for Outstanding Achievement in November. ERA was also a finalist in the 2012 Rio Tinto Chief Executive's Safety Awards.

This year ERA introduced Critical Control Management Plans to systematically address the major critical risks at ERA – process safety and classified plant, crane and electrical competency of contractors, high voltage switching, road travel between Darwin and Jabiru, working at height and slope failure/rock fall.

Over its 31 year history, ERA has maintained the protection of the surrounding environment as confirmed by the Australian Government's Supervising Scientist Division, in its 2011/12 Annual Report.

ERA also maintained high levels of Indigenous employment, at 17 per cent, and remains a significant employer of Indigenous people at both regional and Territory levels.

We are pleased with the constructive progress made this year in building stronger relations with the Gundjeihmi Aboriginal Corporation and would like to acknowledge the role played by the Corporation as we jointly pursue matters of common interest and concern.

The Gundjeihmi Aboriginal Corporation, Northern Land Council, ERA and the Commonwealth Government finalised the suite of agreements governing operations at the Ranger Project Area, including a new Mining Agreement. These agreements entitle the Mirarr to greater participation in the benefits from mining on their land, including an increased share of royalties, and establish a regional socio-economic trust and a Relationship Committee with ERA to promote information sharing and collaboration.

ERA will continue to engage in productive and meaningful discussions with the Gundjeihmi Aboriginal Corporation on behalf of the Mirarr Traditional Owners, local communities and governments to maintain Jabiru as an important regional centre, and to create cultural, social and economic development opportunities for Traditional Owners, our neighbours and future generations.

In conclusion, ERA begins 2013 in a strong position, preparing to commence large-scale treatment of process water, with significant research and accurate costing supporting a clear pathway for progressive rehabilitation. At the same time, ERA has optimised production performance as we switch to stockpile processing, and simultaneously embarked on exciting exploration of underground resources and development opportunities.

Finally, we would like to sincerely thank and congratulate all of the ERA team and the contractors and suppliers who support us, for their professionalism and commitment throughout the year, particularly in regards to working safely. We look forward to meeting the exciting challenges and opportunities of 2013 and the years ahead.

Dr D Klingner
Chairman

Mr R Atkinson
Chief Executive

Financial Performance

Earnings

For the year ended 31 December 2012, ERA's net loss after tax was $219 million, compared with a net loss of $154 million in 2011. The main impacts on 2012 earnings were a non-cash impairment charge of $68 million, lower sales volumes and higher non-cash costs (primarily depreciation). In 2011, earnings were adversely affected by a $99 million inventory adjustment resulting from low grade stockpiled material being reclassified from Ore Reserves to Mineral Resources.

Revenue

During 2012, sales of uranium oxide were 3,223 tonnes, down from 5,167 tonnes achieved in 2011. Revenue from the sale of uranium oxide in 2012 was $395 million (2011: $649 million).

The average realised sale price of uranium oxide achieved by ERA in 2012 was US$58.33 per pound (2011: US$59.32). ERA's sales strategy is to ensure a reliable supply of uranium oxide to customers, with a focus on the long term price rather than the spot price. Despite a weakening spot market, the long term prices remained relatively high.

Sales of uranium oxide are denominated in US dollars. In 2012, the continued strength of the Australian dollar had a negative impact on ERA's financial results. ERA does not presently conduct hedging activities to mitigate the impact of movements in the Australian currency relative to the US dollar.

Costs

Total costs were adversely impacted by the requirement to purchase a total of 501 tonnes of uranium oxide early in the year to meet ERA's sales schedule. A further contribution was the significant increase in depreciation and expenditure on construction of the Ranger 3 Deeps exploration decline. Savings were realised in consumable costs as a result of the plant continuing to be optimised for lower mill head grades.

Depreciation increased significantly during the year. The majority of depreciation is calculated by reference to Ranger Ore Reserves. A reclassification of low grade stockpiles from Ore Reserves to Mineral Resources in August 2011 accelerated the depreciation of a significant portion of the company's assets.

Employee benefit and contractor costs remained in line with 2011. The increase in costs associated with the construction of the Ranger 3 Deeps exploration decline was largely offset by reduced use of consultants on studies and a continued focus on minimising the use of contractors.

Royalties increased despite lower sales volumes as a result of the repayment of uranium loans using Ranger material. Repayment of uranium loans with Ranger material attracts the payment of royalties at the time of repayment.

Capital expenditure increased in 2012 to $161 million (2011: $97 million). The majority of expenditure related to water management initiatives, including a Tailings Storage Facility wall lift and construction of the Brine Concentrator.

Non-cash impairment

In light of the decline in the spot and long term uranium price during the second half of 2012 and its consequential impact on the uranium price outlook, coupled with the continuing strength of the Australian dollar and the increase in the asset base (primarily related to water management initiatives and rehabilitation) over the last two years, the ERA Board has recognised a non-cash impairment charge of $68 million.

Dividends

ERA Directors have determined that a dividend for 2012 will not be paid. No dividend was paid in 2011.

Rehabilitation provision

In 2012, ERA commenced the Integrated Tailings, Water and Closure Prefeasibility Study to develop the optimal rehabilitation plan for the Ranger Project Area. This study has confirmed the timing and technology necessary to deliver a best practice rehabilitation plan in line with the current Ranger Authority. The provision for rehabilitation represents the net present cost at 31 December, based on current disturbance, of the preferred rehabilitation plan.

As a result of the work undertaken to date as part of the Prefeasibility Study, the rehabilitation cost estimate for the Ranger Project Area has been revised which has led to an increase of $22 million in the rehabilitation provision.

ERA has reviewed the discount rate used in determining the rehabilitation provision and reduced the real discount rate by 0.5 per cent to 2.5 per cent. This is a result of reduced yields being achieved on risk free investments. This has resulted in the rehabilitation provision being increased by a further $19 million.

Other recurring adjustments such as the unwinding of discount, additional disturbance due to operational activities and rehabilitation work undertaken has resulted in a net increase of $33 million in the rehabilitation provision.

At 31 December 2012, the total rehabilitation provision has been increased to $640 million (2011: $565 million).

Business Review

In 2011, ERA conducted a comprehensive Business Review of operations and strategy to ensure that the Company is focused on value enhancing activities. The Business Review identified opportunities to operate more efficiently and reduce costs in line with expected future production levels, as well as anticipating and responding to dynamic business conditions.

The initiative targets cumulative cost savings of $150 million in operating costs by end of 2014.

During 2012, the Business Review achieved cost savings of $55 million, $15 million higher than planned, taking the total cumulative cost savings to $75 million to date.

Savings were achieved through introduction of an organisation wide restructure, which included merging management roles, reduction in the use of contractors, reduction in support and service roles, improvement in procurement and maintenance practices, optimisation of reagents and consumables in the processing plant, standardisation of rosters and greater utilisation of existing accommodation.

FINANCIAL HIGHLIGHTS

YEAR END 31 DECEMBER	2012	2011
Revenue from continuing operations ($ million)	422.8	667.8
Net profit/(loss) after tax ($ million)	(218.8)	(153.6)
Earnings before interest, tax, depreciation and amortisation ($ million)	(34.6)	(94.8)
Underlying earnings ($ million)	(150.7)	(54.2)
Total dividends (cents per share)	-	-
Uranium oxide production (tonnes drummed)	3,710	2,641
Uranium oxide sold (tonnes)	3,223	5,167

The financial statements have been prepared under the International Financial Reporting Standards. All figures are Australian dollars unless otherwise noted.

RECONCILIATION OF PROFIT TO UNDERLYING EARNINGS

ALL AFTER TAX FIGURES IN $ MILLION	2012	2011
Profit (loss) for the year	(219)	(154)
Low grade inventory adjustment	-	99
Non-cash impairment charge	68	-
Underlying earnings	(151)	(54)

Final blast at Ranger mine's Pit 3 in November 2012. ERA will be a stockpile miner in 2013 and expects to produce between 2,700 – 3,300 tonnes of uranium oxide.

Operations

2012 saw a return to more average rainfall and an early finish to the wet season. ERA's successful dewatering strategy enabled early mining access to higher grade ore at the bottom of Pit 3 from May. ERA produced 3,710 tonnes of uranium oxide in 2012.

ERA installed a third pumping system in Pit 3 and expanded pond water treatment capacity. This resulted in four gigalitres of water being pumped from Pit 3 and treated by the reverse osmosis water treatment systems.

During the first half of the year, feed for the mill was sourced from lower grade stockpiled ore. Once Pit 3 was dewatered and access to the high grade ore restored, milling operations shifted to processing the higher grade ore.

High plant utilisation rates helped to offset the lower production associated with processing lower grade stockpiles in the first half of the year, and contributed to ERA achieving a 31 year record for mill throughput.

In addition, overall plant efficiency and optimised mine sequencing delivered a 20 per cent reduction in the cost per milled tonne of material. This pleasing result was achieved in the face of tight operating conditions at the bottom of Pit 3, including additional constraints due to restrictions on blast sizes and long haul distances.

Pit 3 completed

Due to a very strong operational performance, Pit 3 reached the end of its operational life in late November ahead of schedule. Pit 3 is now being backfilled with waste rock in preparation for transfer of tailings from the Tailings Storage Facility and the storage of the brines from the Brine Concentrator.

ERA purchased three new Caterpillar D11 bulldozers to manage the placement of 30 million tonnes of rock backfill within Pit 3. Backfilling operations are expected to take between 18 to 24 months to complete. At this juncture tailings will be transferred to Pit 3 ahead of rock capping and final rehabilitation by 2026. The final stage in rehabilitation of Pit 3 will draw on the learnings from ERA's trial landform project and other progressive rehabilitation projects (see page 34).

Plant performance

The high levels of plant performance achieved in 2011 following the recommencement of processing operations were exceeded in 2012. Ore treated from the main mills and the laterite plant for the year was 2.6 million tonnes (2011: 1.6 million tonnes). The 2.6 million tonnes comprised 2.4 million tonnes treated by the main mill and 243,000 tonnes treated by the laterite plant. This excellent combined result exceeds the previous highest throughput record of 2.4 million tonnes set in 2010. In addition, the individual 2012 results for the main mill and the laterite plant are also all-time records.

The mill throughput performance was primarily due to high plant utilisation

Open cut mining concluded after 31 years of operation. Backfilling of Pit 3 has now commenced as part of Ranger mine's progressive rehabilitation programme.

rates, which also set a new 31 year record at 90 per cent, exceeding the previous best of 87 per cent set in 2010.

Recovery and extraction rates (87 per cent and 91 per cent respectively) were lower than planned due principally to higher soluble loss, while mill rates of 295 tonnes per hour exceeded planned performance.

Average mill head grade was 0.17 per cent (2011: 0.18). The requirement to process lower grade stockpiles in the first half of the year as Pit 3 was dewatered was partially offset by access to higher grade material in the second half of the year.

Tailings Storage Facility wall lift

Increasing the capacity of the Tailings Storage Facility (TSF) until Pit 3 is ready to receive tailings in 2015, was a critical component of ERA's Water Management Strategy.

During 2012, ERA completed a $25 million project to raise the embankment of the TSF by 2.3 metres. The project was completed on schedule and budget and without injury.

Construction of the contingency pumping system from the TSF to Pit 3 was completed in December with final commissioning in Q1 2013. Coupled to existing infrastructure this system will provide ERA with a total capacity to transfer 200 megalitres per day of process water from the TSF to Pit 3.

The completion of the 2.3 metre wall lift allowed ERA to fulfil regulatory and stakeholder requirements for the establishment of a new wet season maximum operating level (MOL). The new MOL has now been approved by all stakeholders and regulators.

Retention Pond 6

Additional water storage and management capacity has been delivered through the completion of a new retention pond. Retention Pond 6 has a capacity of one gigalitre, is double-lined with a high density polyethylene liner, and connects to the existing Retention Pond 2 via a two-way pumping transfer system. This provides ERA with flexibility and greater pond water management options.

Pond water is surface run-off water that has come into contact with mineralised materials such as low grade ore stockpiles and Pit 3 and is managed according to quality. Pond water is treated to high standards by ERA's micro filtration reverse osmosis treatment system prior to controlled release via constructed wetland or irrigation.

Jabiru Airport

The Jabiru Airport provides a critical regional air transport service for mining operations, tourism, agricultural business, emergency services and local communities. The airport is located on the Ranger Project Area.

Following a significant upgrade work programme, the Jabiru Airport achieved Civil Aviation Safety Authority registration in February 2012. The work programme involved upgrading security, access, fencing, parking, lighting, airstrip markings, buffer zone, and passenger facilities.

The Jabiru Airport is used by ERA for fly-in, fly-out operations and by third parties. The airport is of critical importance to the local region and Kakadu National Park, particularly for medical emergency evacuation flights. Upgraded lighting supports medical evacuations occurring during night time.

In 2012, a simulated emergency training exercise was staged at the upgraded airport involving ERA and local fire, police, ambulance and other emergency service organisations.

Jabiru housing

ERA completed refurbishment and upgrades to 60 houses owned by ERA in Jabiru during 2012. The refurbishment and upgrades included painting, installation of new kitchens and bathrooms, replacement and repair of insect screens, use of standard fittings and energy efficient lighting.

Of the 275 ERA houses in Jabiru, 211 are used to provide accommodation for 234 ERA workers. This compares with the 486 workers and contractors who are housed in ERA's temporary and permanent camp accommodation.

Trevor Beckman and Damien Reeves, part of the Infrastructure team who undertook upgrades to 60 ERA houses in Jabiru

Future Supply

Evaluation and exploration

In August 2011, ERA approved the construction of an exploration decline to conduct close spaced underground drilling of the Ranger 3 Deeps mineral resource which is estimated to contain 34,000 tonnes of uranium oxide. In 2012, ERA also approved a Prefeasibility Study into a proposed Ranger 3 Deeps underground mine. These projects include up to 54,000 metres of close space diamond drilling to further delineate and determine the extent of the Ranger 3 Deeps mineralised zone.

During 2012, ERA conducted surface exploration drilling on the Ranger Project Area. This exploration targeted deep structurally complex areas generated by analysis and interpretations of geology, geochemistry and geophysics to define and determine potential additional resources on the Ranger Project Area.

Due to the current market conditions, surface exploration on the Ranger Project Area will be undertaken over a longer period of time than initially communicated.

Jabiluka Reserves and Resources

The Jabiluka project remains under long term care and maintenance and, in accordance with the Long Term Care and Maintenance Agreement, development by ERA will not proceed without the approval of the Mirarr Traditional Owners. The reserves and resources at Jabiluka remained unchanged during the year at 67,700 tonnes (reserves) and 73,940 tonnes (resources) of contained uranium oxide.

Now that mining in Pit 3 is complete, ERA will mine low grade ore from stockpiles.

Ranger Project Area Reserves and Resources

During 2012, Ore Reserves for the Ranger Project Area decreased from 13,484 tonnes of contained uranium oxide to 9,675 tonnes as a consequence of depletion by processing and a minor pit re-design to mitigate potential geotechnical risks. There was also a favourable uranium oxide variance of 1,107 tonnes due to the actual ore mined exceeding the geological model.

With the commencement of the backfill of Pit 3 there was a decrease in Ranger Mineral Resources (from 117,240 tonnes to 63,377 tonnes), following the write down of in-situ low grade mineralisation underlying and to the east of Pit 3.

The table below sets out the reconciliation of Ore Reserves:

THE TABLE BELOW SETS OUT THE RECONCILIATION OF RANGER ORE RESERVES:

RANGER RECONCILIATION	CONTAINED U_3O_8 – TONNES
Ore Reserves as at 1 January 2012	13,484
Ore Reserves depleted by processing	(4,369)
Other adjustments	
See Explanatory Notes	560
Ore Reserves as at 31 December 2012	**9,675**

EXPLANATORY NOTES

Pit redesign to mitigate geotechnical risks	(547)
Favourable reconciliation to actual ore mined	1,107
Net Other Adjustments	560

ERA 2012 Ore Reserves & Mineral Resources

	CUT-OFF GRADE – IN SITU ORE 0.08% U_3O_8 STOCKPILE ORE 0.08% U_3O_8			CUT-OFF GRADE – IN SITU ORE 0.08% U_3O_8 STOCKPILE ORE 0.06% U_3O_8		
	AS AT 31 DECEMBER 2012			AS AT 31 DECEMBER 2011		
	ORE (Mt)	% U_3O_8	t U_3O_8	ORE (Mt)	% U_3O_8	t U_3O_8
RANGER ORE RESERVES						
Current Stockpiles	7.34	0.132	9,675	5.78	0.12	6,955
Ranger No. 3 Pit In situ						
Proved	-	-	-	2.69	0.22	5,973
Probable	-	-	-	0.67	0.08	557
Sub-total Proved and Probable Reserves	7.34	0.132	9,675	3.36	0.19	6,530
Total Ranger No. 3 Stockpiles, Proved and Probable Reserves	**7.34**	**0.132**	**9,675**	**9.14**	**0.15**	**13,484**

	CUT-OFF GRADE – UNDERGROUND IN SITU RESOURCE 0.15% U_3O_8 STOCKPILE ORE 0.02% U_3O_8			CUT-OFF GRADE – OPEN PIT IN SITU RESOURCE 0.02% U_3O_8 UNDERGROUND IN SITU RESOURCE 0.15% U_3O_8 STOCKPILE ORE 0.02% U_3O_8		
	AS AT 31 DECEMBER 2012			AS AT 31 DECEMBER 2011		
RANGER MINERAL RESOURCES						
In Addition To The Above Ore Reserve						
Current Mineralised Stockpiles	69.49	0.04	30,080	64.11	0.04	27,710
In situ resource						
Measured	-	-	-	21.02	0.10	19,990
Indicated	9.49	0.33	30,820	52.88	0.12	61,830
Sub-total Measured and Indicated Resources	78.98	0.06	60,900	138.01	0.08	109,530
Inferred Resources	0.65	0.38	2,477	6.18	0.12	7,710
Total Resources	**79.62**	**0.08**	**63,377**	**144.19**	**0.08**	**117,240**

	AS AT 31 DECEMBER 2012 CUT-OFF GRADE 0.20% U_3O_8			AS AT 31 DECEMBER 2011 CUT-OFF GRADE 0.20% U_3O_8		
	ORE (Mt)	% U_3O_8	t U_3O_8	ORE (Mt)	% U_3O_8	t U_3O_8
JABILUKA ORE RESERVES						
Proved	-	-	-	-	-	-
Probable	13.80	0.49	67,700	13.80	0.49	67,700
Total Proved and Probable Reserves	13.80	0.49	67,700	13.80	0.49	67,700
JABILUKA MINERAL RESOURCES						
In Addition To The Above Ore Reserve						
Measured	0.24	0.48	1,140	0.24	0.48	1,140
Indicated	4.30	0.36	15,330	4.30	0.36	15,300
Sub-total Measured and Indicated	4.54	0.36	16,440	4.54	0.36	16,440
Inferred Resources	10.90	0.53	57,500	10.90	0.53	57,500
Total Resources	**15.44**	**0.48**	**73,940**	**15.44**	**0.48**	**73,940**

Note: *Rounding differences may occur. As required by the Australian Securities Exchange, the above tables contain details of other mineralisation that has a reasonable prospect of being economically extracted in the future but which is not yet classified as Proven or Probable Reserves. This material is defined as Mineral Resources under the JORC Code. Estimates of such material are based largely on geological information with only preliminary consideration of mining, economic and other factors. While in the judgment of the Competent Person there are realistic expectations that all or part of the Mineral Resources will eventually become Proven or Probable Reserves, there is no guarantee that this will occur as the result depends on further technical and economic studies and prevailing economic conditions in the future.*

The information in this announcement that relates to Ranger and Jabiluka Mineral Resources or Ore Reserves is based on information compiled by Geologists Greg Rogers and Stephen Pevely (full time employees of Energy Resources of Australia Ltd) and Mining Engineers Reid Miller and John Murphy (full time employees of Energy Resources of Australia Ltd) who are all members of the Australasian Institute of Mining & Metallurgy. Greg Rogers, Stephen Pevely, Reid Miller and John Murphy have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Greg Rogers, Stephen Pevely, Reid Miller and John Murphy consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

Major Projects

As ERA makes the transition from open cut mining to underground exploration, two major projects are transforming ERA's operations.

Ranger 3 Deeps exploration decline

ERA's $120 million project to construct an exploration decline to conduct close spaced underground exploration drilling and explore areas adjacent to the Ranger 3 Deeps resource made significant progress during 2012.

The Ranger 3 Deeps mineralised zone contains an estimated 34,000 tonnes of uranium oxide, and represents one of the most significant recent uranium discoveries world-wide.

ERA has engaged Macmahon Underground Pty Ltd to construct the 2,200 metre decline to a depth of approximately 370 metres.

Construction of the decline began on schedule in May 2012. The box cut and portal access tunnel were successfully completed in October 2012.

In November, excavation of the decline tunnel commenced, while backfilling of the box cut to cover the portal access tunnel was completed in early December. The completion of backfilling of the box cut allowed decline excavation works to proceed regardless of surface weather conditions.

The six metre high and 5.5 metre wide tunnel is continuously ventilated with fresh air pumped to the tunnel face.

At 31 December 2012, approximately 57 metres of the decline had been completed.

The project is on schedule with close space exploration drilling expected to commence in Q2 2013 and will be completed in mid-2014.

Ranger 3 Deeps underground mine Prefeasibility Study

In parallel with the construction of the exploration decline, ERA began a $57 million project to prepare a Prefeasibility Study into the potential development of a Ranger 3 Deeps underground mine.

This Study will determine the economic viability of the project, optimise mining methods, and confirm metallurgical performance and production rates. Environmental studies will also be conducted.

Regulatory approval for the underground mine will be pursued in accordance with the Northern Territory *Environmental Assessment Act* and the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*. The first step in the environmental assessment process was the submission of a "Notice of Intent" and "Referral", respectively under these Acts, to the Northern Territory Environmental Protection Agency and the Commonwealth Department of Sustainability, Environment, Water, Population and Communities in January 2013. These assessment agencies will jointly determine what level of environmental assessment the proposed underground mine requires.

ERA will conduct scientific studies across a range of environmental aspects such as air quality, radiation, water management, visual amenity and closure and others as part of the Prefeasibility Study. ERA will also consult further with the Gundjeihmi Aboriginal Corporation as a component of a broader social impact assessment.

The Ranger 3 Deeps exploration decline project is on schedule with close space exploration drilling expected to commence in Q2 2013.

Brine Concentrator

The ERA Board approved the $220 million project in February 2012 after completion of a detailed Feasibility Study.

Brine concentrators use thermal energy to evaporate water, which is subsequently condensed and discharged as clean distilled water.

The Brine Concentrator units were manufactured and supplied by HPD, LLC, a subsidiary of Veolia Water Solutions and Technologies. Components for the Brine Concentrator were constructed in the USA, Germany, China and Thailand, with the major components delivered to the Ranger site in December 2012.

Assembly of the components began in November and the Brine Concentrator is expected to be commissioned and fully operational in Q3 2013.

The Brine Concentrator has the capacity to produce 1.83 gigalitres of clean water per year through the treatment of process water. Once commissioned, it will treat process water from the Tailings Storage Facility.

This proven technology is scientifically and environmentally sound and will provide ERA with effective treatment means to reduce the process water inventory and to manage the impacts of future heavy rainfall events.

The Brine Concentrator project is on budget and schedule.

The Brine Concentrator project is on schedule and on budget and is due for commissioning in Q3 2013.

Health and Safety

In 2012, ERA maintained its excellent safety performance established in previous years that has helped make the company one of the safest mining operations within the Rio Tinto group.

ERA was nominated for the Rio Tinto Chief Executive's Safety Awards, and won national recognition for outstanding achievement in driver safety initiatives at the Australian Road Safety Awards.

In pursuit of ERA's stated goal of zero harm, the company adopts a combination of clear goals, accountabilities and support mechanisms.

This includes encouraging a workplace culture of shared and personal responsibility and accountability for safe behaviour, supported by comprehensive systems, training and support materials.

Safety leadership is integral to the success of ERA's approach to safety and involves constant engagement with leaders, employees and contractors on safety issues, awareness and training.

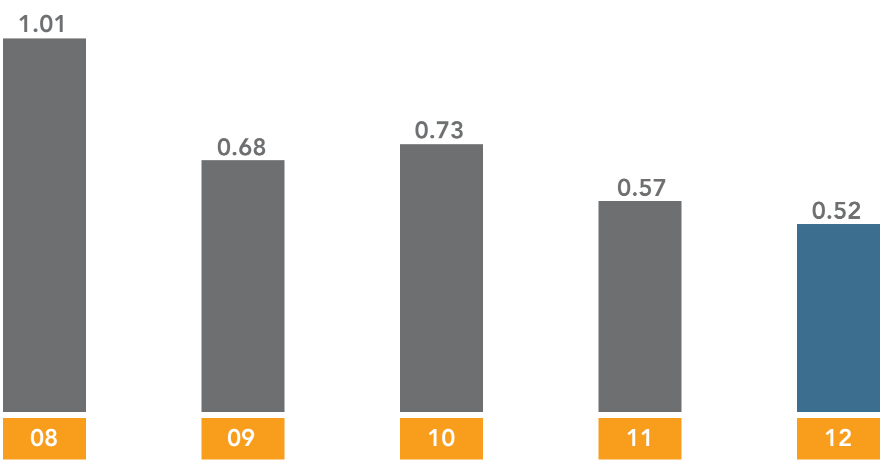
This safety leadership was a key for planning and execution of major labour intensive projects in 2012, including the construction of the Brine Concentrator, a 2.3 metre lift of the Tailings Storage Facility, construction of a new retention pond, construction of the Ranger 3 Deeps exploration decline box cut and access portal, commencement of the decline tunnel and successful completion of Pit 3.

Injury Rates

ERA's All Injury Frequency Rate (AIFR) measures all reportable injuries – lost time injuries, restricted work injuries and medical treatment cases – per 200,000 hours worked. During 2012, ERA bettered the excellent safety performance of 2011, with an AIFR of 0.52 (2011: 0.57).

ERA's Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours was 0.31 compared with 0.1 in 2011.

ALL INJURY FREQUENCY RATE (per 200,000 hrs worked)
2008 - 2012



There were five recordable medical treatment injuries. There were three Lost Time Injuries – a sprained wrist from an employee slipping in a shower, a strained shoulder from an employee slipping on a step, and a broken wrist from a drilling contractor using a break out tool – and two Medical Treatment Cases – a laceration to the shin while stepping onto a drill rig and a laceration to the hand. All employees have made a full recovery and returned to full duties.

The Major Projects team also delivered a strong safety performance achieving an AIFR of 0.46.

Audits

ERA completed the Rio Tinto Performance Standards Audit, which focused on safety, health, environment and radiation monitoring performance.

This included assessment and maintenance of certification of its environmental management systems to ISO 14001, and safety and health management system to Australian Standard AS4801.

ERA's environmental management systems includes the Company's water management, safety and health management and radiation management systems.

Critical Control Monitoring Plan

ERA introduced a new Critical Control Monitoring Plan (CCMP) designed to address significant risks which could result in serious injury or a fatality.

Building on the Rio Tinto Semi Quantitative Risk Assessment conducted in 2011, which identified activities and processes which present ERA's biggest risks, the new CCMP systematically documents and addresses control measures to manage these risks.

The CCMP focuses on the following high risk areas:

- process safety and classified plant;
- crane and electrical competency of contractors;
- high voltage switching;
- road travel between Darwin and Jabiru;
- scaffolding (working at heights); and
- slope failure/rock fall.

For each risk, the CCMP defines control measures to manage the risk and sets out performance criteria for assessing effectiveness of control measures.

Part of the process of developing the CCMP required senior leaders to be directly involved in the field assessing implementation and compliance with the CCMP control measures.

Major projects and specialist maintenance tasks

Major projects and specialist maintenance tasks undertaken during 2012 required additional contractors to be brought on to site for specific short term tasks, as well as ongoing activity.

To help ensure all contractors meet ERA requirements for safety, training and achieving compliance with the CCMP controls, ERA uses the FieldGlass contractor management system.

FieldGlass provides rapid and accurate monitoring of relevant skills and safety training held by contractors brought in for specific tasks. This ensures that tickets for work and relevant safety training are up to date and appropriate for the work being performed.

ERA driver safety – outstanding achievement

ERA's efforts to protect its people, contractors, their families and other road users through practical initiatives to promote safer driving and road use has been recognised by a peak national road safety body.

Shannon McRae, Communications Specialist, who is a member of ERA's Road Safety Committee accepting the Corporate and Australian Road Safety Awards from Russell White, Australian Road Safety Foundation and Michael Ridley Smith, National Manager, Product Marketing & Pricing for Caltex Australia.

ERA was awarded the Australian Road Safety Founder's Award for Outstanding Achievement at the Australian Road Safety Awards, in Sydney in November. ERA was chosen from more than 50 finalists across categories recognising innovation, programmes and results-driven initiatives of companies, Local, State and Territory government departments and community organisations from around the nation.

ERA also won the Corporate Fleet Safety Award and was recognised for its Light Vehicle Committee initiative, which focuses on raising safe driving behaviour among staff and contractors, and promotes safe driving in the broader Northern Territory community.

ERA identified the 260 kilometre drive between the Ranger mine in Jabiru and Darwin as one of the biggest risks to its workers and contractors – larger than any other task performed during work operations.

ERA's road safety initiatives include:

- Stringent safety standards in all vehicles used for company business;
- Positive communication with manager and colleagues prior to travelling;
- Mandatory pre-start vehicle checks;
- Enforcing a mandatory rest break at the half way point of the 260 kilometre commute between Ranger mine and Darwin;
- A maximum speed limit of 110 kmph for all vehicles travelling on ERA business on the Arnhem Highway (130kmph is the legal speed limit);
- Public safety interaction events on the Arnhem Highway to promote strategies to combat fatigue and dehydration, sharing the road safely with heavy vehicles and reinforcing other positive driver behaviours;
- Strong links with transporters, suppliers, contractors and the community to help promote road safety in the region; and
- The production and public distribution of a road safety DVD specific to the Arnhem highway, available on ERA's website www.energyres.com.au.

Radiation monitoring

ERA's safety and health management systems are certified to AS 4801 and include a comprehensive radiation management system.

The aim of the Ranger mine radiation monitoring programme is to ensure that ERA's employees, members of the public and the environment are not exposed to unacceptable levels of ionising radiation.

Radiation levels are monitored using a variety of fixed location and mobile personal systems.

Monitoring results are compared to limits recommended by the International Commission on Radiological Protection (ICRP) for uranium industry workers as adopted into Australian legislation.

The ICRP sets two levels of radiation exposure, other than from natural and medical sources to distinguish between two types of people: members of the public and radiation workers.

Those radiation exposure limits (above natural background and medical exposures) are:

- Members of the public: 1 millisievert (mSv) per year
- Radiation workers: 20 mSv per year over five years with a maximum of 50 mSv in any one year.

ERA employees and contractors whose occupational exposure to radiation may exceed 5 mSv per year are declared 'designated' workers and their exposure is more stringently monitored.

Radiation results are subject to review prior to being finalised.

Preliminary analysis of the doses for 2012 has been performed and it confirms that all occupational and public radiation doses remain well below the national and international dose limits.

Average doses are in line with those measured in previous years. The maximum individual dose recorded remains around a quarter of the annual dose limit. The doses are in line with the ICRP principles of Justification, Optimisation and Limitation. The doses to workers remain at the lower end of the spectrum for uranium workers.

Doses are calculated using the methodology required by the Code of Practice on Radiation Protection and Radioactive Waste Management in Mining and Mineral Processing and approved in ERA's Authorisation to Operate.

The total effective dose is the sum of the dose from three exposure pathways: external gamma radiation, inhalation of radon decay products, and inhalation of long lived alpha activity.

Other potential pathways have been assessed and were found to be very low in comparison and do not significantly affect the overall dose.

All radiation doses to workers at Ranger are available for review by the regulatory authorities in the Northern Territory.

Andrew Calcott, Radiation Safety Advisor, undertaking a radiation check prior to the vehicle leaving Ranger mine.

Australian National Radiation Dose Register

Following the amendment to the *Northern Territory Radiation Protection Act* on 2 July 2012, ERA was permitted to provide occupational radiation dose data for workers at Ranger mine to the Australian Government's Australian National Radiation Dose Register (ANRDR).

Dose data for 2010 has been uploaded to the ANRDR and is available to all workers. ERA also provides a copy of personal dose records to all designated workers in addition to the ability to obtain them from the ANRDR.

The ANRDR was a commitment by the Australian Government to strengthen occupational health and safety requirements for individuals working at uranium mining and milling sites. It was established to collect, store, manage and distribute the radiation doses records received by workers in the course of their employment.

Results

ERA assures the highest possible quality control on radiation doses and does not finalise the doses until they have been presented and reviewed by the appropriate regulatory authorities.

The maximum and mean annual radiation doses received by designated workers and the maximum radiation doses received by non-designated workers during 2012 will be reported in the 2012 Annual Radiation Protection and Atmospheric Monitoring Report that will be submitted to stakeholders in March 2013 in accordance with the Ranger Authorisation. Accordingly, only preliminary data for 2012 is presented in this report.

The maximum and mean annual radiation doses received by designated and non-designated workers are summarised in the table below.

The potential exposures of Jabiru residents and surrounding communities are also monitored. The contribution from the Ranger mine remains very low in comparison with both the public dose limit and the natural background radiation.

The natural background in Australia is 2 – 3 mSv, but varies according to location.

MAXIMUM AND MEAN RADIATION DOSES FOR WORKERS IN 2012

DOSE	DESIGNATED	NON-DESIGNATED
Limit (mSv)	20	20
Maximum Dose (mSv)	3.92	0.84
Mean dose (mSv)	1.2	Not applicable

DESIGNATED WORKER MEAN ANNUAL RADIATION DOSE

ANNUAL RADIATION DOSE (mSv)
2003 – 2012 *At the time of printing, data for Q4 2012 not finalised.

Regulatory Framework

Uranium mining in Australia is extensively regulated by Commonwealth and State or Territory Governments.

The areas of uranium mining that are regulated include exploration, development, production, transport, export, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and native title.

The mining and export of uranium is currently permitted under strict international agreements designed to prevent nuclear proliferation.

Exports are subject to strict safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes.

Regulators, stakeholders and committees

ERA's uranium mining activities are regulated through Commonwealth and Northern Territory legislation. ERA's operations are closely supervised and monitored by key statutory bodies including:

- Northern Territory Department of Mines and Energy;
- Australian Government's Supervising Scientist Division;
- Northern Land Council;
- Commonwealth Department of Resources, Energy and Tourism;
- Alligator Rivers Region Advisory Committee (including non-government organisation representatives); and
- Alligator Rivers Region Technical Committee (including non-government organisation representatives).

The Ranger and Jabiluka Minesite Technical Committees (MTCs) are the key forums for consideration of environmental matters relating to Ranger and Jabiluka. In 2012, the Gundjeihmi Aboriginal Corporation gained formal membership of the MTC.

The Alligator Rivers Region Advisory Committee (ARRAC) provides a formal forum for consultation on matters relating to the effects of uranium mining on the environment in the region.

Committee members include representatives of the Northern Territory Government, the Commonwealth Government, the Northern Land Council, Aboriginal associations, mining companies (including ERA), West Arnhem Shire, the Northern Territory Environment Centre and other members who may be appointed by the Commonwealth Minister for the Environment.

Further information on ARRAC can be obtained at *http://www.environment.gov.au/ssd/communication/committees/arrac/index.html*

The Alligator Rivers Region Technical Committee (ARRTC) oversees the nature and extent of research being undertaken to protect and restore the environment in the Alligator Rivers region from any effects of uranium mining.

The 14 ARRTC members include seven independent scientists nominated by the Federation of Australian Scientists and Technological Societies with the remaining representatives being from the Supervising Scientist Division, Northern Territory Government, ERA, Uranium Equities Ltd, Northern Land Council, Parks Australia, and a non-government environment organisation.

Further information on ARRTC can be contained at: *http://www.environment.gov.au/ssd/communication/committees/arrtc/index.html*

Technical Officer Richard Lindner takes a sample from a Ranger Retention Pond as part of quality testing. Jabiru raised, Richard progressed through ERA's Indigenous traineeship programme to secure a permanent position during 2012 in the Water Quality team.

Markets and Customers

ERA sells its product to electric utilities in Asia, Europe and North America through an arrangement with Rio Tinto Uranium, which provides expertise in global uranium sales and marketing activities. Australian exports of uranium oxide are subject to strict safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes.

ERA produced 3,710 tonnes of uranium oxide in 2012. ERA met all sales commitments through production and inventory management, with approximately 501 tonnes of material purchased on the spot market (2,126 tonnes purchased in 2011). ERA has repaid the majority of uranium loans taken out in 2010 and 2011 due to lower production levels of that period.

As production from Ranger declines, the Company's long production history, reputation and strong relationships with a diverse global customer base create a platform for continuity of supply if the Ranger 3 Deeps underground mine is developed.

After holding at US$50 or above for the first half of the year, the spot price fell dramatically in September-October, losing 20 per cent of its value. This fall-off in prices was mainly driven by the presence of excess inventories in the market since the accident at Fukushima. By year-end the spot price was $43.38 per pound U_3O_8. Demand weakness also affected the long term price. The long term price declined in the second half of 2012, and ended the year at US$56.50.

ERA's strategy is to focus on long term contracting using a variety of pricing mechanisms so that the Company is not overly dependent on the spot price.

ERA's average delivered price in 2012 was significantly higher than the spot price over the course of the year.

In 2012, ERA successfully concluded its first sale and test shipment to Russia under the Australia-Russia bilateral agreement signed in 2007.

Directors' Outlook

ERA's future holds many challenges and great opportunities. Nuclear power is the only low carbon emitting generation technology that delivers large volumes of base load power.

ERA believes that nuclear power will still be an important part of the global energy mix for decades to come.

Ranger 3 Deeps exploration decline portal backfill underway in November 2012. The backfill of the box cut was completed in December 2012.

Looking globally, nuclear power remains a key element of world-wide global energy supplies, with 436 reactors operable worldwide in 2012, 62 under construction and 167 planned for operation by 2030.

However, the short term outlook for the uranium market is challenging. The slow return to service of Japan's nuclear plants – at present only two of the country's 54 units are operating – has reduced near-term demand.

The general consensus is that while public support for nuclear power in Japan has waned in the wake of Fukushima, ultimately the country has little choice but to rely on nuclear for a significant portion of its energy needs.

A temporary halt in new build construction projects in China, as Chinese nuclear safety regulators re-examined safety standards, contributed to the market weakness.

By late 2012, approvals had resumed for new generation three designs in coastal areas. This should serve to improve progress in 2013, as China is expected to continue its rapid rate of new nuclear build.

By 2020, China is expected to have approximately 60 GWe of installed nuclear capacity, about the same as France and not far behind the USA.

On the supply side, continued strong production from Kazakhstan added to the inventories as the largest-producing country increased output eight per cent year-on-year, despite a $15 drop in spot prices. Outside of Kazakhstan, production mainly held steady, and it is clear that at current price levels, some of the new mining projects that were projected to enter production in the coming years will struggle to do so.

The longer term picture for uranium prices is much brighter. Demand will continue to increase as China constructs an estimated 40 to 50 new nuclear power plants this decade, and new reactor construction continues in South Korea, the USA, the United Arab Emirates, France, Finland, Russia, India and other countries.

At the same time, new uranium mines are for the most part located in geological regions with higher extraction and processing costs, thus requiring higher market prices to be economical.

Once Japanese reactors re-start and inventory is cleared from the market, it is expected that a supply side shortage will drive prices higher.

With ERA analysing the significant potential of the Ranger 3 Deeps mineral resource, and investigating the potential of an underground mine, the timing of access to a new world-class, high grade mineral resource is likely to coincide with strengthening demand and higher market prices.

Given the long lead times required to plan and gain approvals for new mines, ERA is likely to be in a strong position to return to a lead role in providing a reliable and competitive uranium supply to the world's nuclear utilities should Ranger 3 Deeps become an operating underground mine.

The significant long term value that ERA can bring to the town of Jabiru, the Northern Territory and ERA shareholders is based on ERA's proven ability to manage safety, environment and social risks, and to sustainably develop Ranger's world-class resources in the years ahead.

Sustainable Development Report

Sustainable Development

Overview

ERA's operations are located in a highly sensitive area, recognised internationally for unique ecosystems and biodiversity, significant environmental and cultural heritage values, and with a long tradition of human habitation.

Our product, uranium oxide, plays a key role in meeting global energy need with very low greenhouse gas emissions.

In meeting future demand for uranium supply, ERA works towards safety leadership, environmental protection and strong and enduring relationships with all stakeholders.

ERA's capability and commitment to protect the environment was confirmed by the Australian Government's Supervising Scientist Division, which conducts extensive monitoring and research programmes and concluded in its 2011-12 Annual Report, "that the environment has remained protected through the period".

ERA will continue to engage with the Mirarr Traditional Owners, with local communities and with governments to maintain Jabiru as an important regional centre, and to create cultural, social and economic development opportunities for local people and future generations.

The Mirarr

The Mirarr are Traditional Owners of lands within the Kakadu region. Mirarr country encompasses the Ranger Project Area and the Jabiluka lease, the town of Jabiru and parts of Kakadu National Park, including the wetlands of the Jabiluka billabong country and the sandstone escarpment of Mount Brockman.

In 1995, the Mirarr established the Gundjeihmi Aboriginal Corporation, an incorporated body, to assist them to manage a balance between sustainable development and traditional practice on their land, and to direct income from mining royalties towards the establishment and maintenance of outstation infrastructure and essential services.

The Mirarr have successfully claimed traditional country under the Commonwealth *Aboriginal Land Rights (Northern Territory) Act 1976*, and therefore hold beneficial freehold title to their country via the Kakadu and Jabiluka Land Trusts.

ERA recognises that the support of Traditional Owners is critically important to future projects and successful rehabilitation.

2012 in review

Result legend

YES	NO	PROGRESS

2012 TARGET	2012 RESULT	
Continue to work towards the goal of zero harm	YES	• In 2012, five reportable incidents occurred compared to six in 2011. • All Injury Frequency Rate (AIFR) was 0.52 (2011: 0.57). • Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours was 0.31 (2011: 0.10). Injury severity rate: low. • Developed Critical Control Management Plans to manage ERA's biggest safety risks. • ERA awarded Australian Road Safety Awards for road safety initiatives.
Ensure that ERA's operations do not adversely impact on the surrounding environment	YES	• The Supervising Scientist Division 2011-12 Annual Report confirmed "that the environment has remained protected through the period".
Extend process water treatment and management by completing a Feasibility Study on the Brine Concentrator and completing a 2.3 metre lift of the Tailings Storage Facility	YES	• Successful dewatering of Pit 3. • Completed a 2.3 metre lift on the Tailings Storage Facility. • Constructed a new one gigalitre pond water retention pond. • Completed the Brine Concentrator study and moved to implementation phase.
Progress Brine Concentrator project to ensure major items delivered to site by the end of the year	YES	• All major items for the Brine Concentrator delivered to Ranger mine by December. • Site works progressed significantly. • Project is on budget and schedule to be constructed and commissioned in Q3 2013.
Progress the rehabilitation strategies and field work, with a focus on Pit 1 and land application areas	YES	• 7,554 prefabricated vertical drains or 'wicks' were installed in Pit 1 to assist with dewatering ahead of capping and rehabilitation. • Rehabilitation trials successfully completed on the land application areas with further trials scheduled for 2013.
Complete portal access and commence development of Ranger 3 Deeps exploration decline	YES	• Ground breaking occurred on 1 May 2012. • Box cut successfully excavated and portal completed in October. • Backfill of the box cut completed in early December. • As at 31 December 2012 the exploration decline excavation had reached approximately 57 metres.
Initiate a Prefeasibility Study into the development of the potential Ranger 3 Deeps underground mine and initiate approval processes	YES	• $57 million Prefeasibility Study (PFS) approved by the ERA Board. • PFS is progressing on schedule and within budget. • Referral and Notice of Intent submitted to regulators in January 2013
Demonstrate enhanced monitoring of surrounding waterways	YES	• Water quality data reported to regulators in weekly water quality reports. • Continue to progress key actions of the ground water monitoring works associated with Tailings Storage Facility Working Group. • Commenced independent surface water study in conjunction with the Gundjeihmi Aboriginal Corporation.

2012 in review

Result legend

YES	NO	PROGRESS

2012 TARGET	2012 RESULT	
Advance the ERA Climate Change Management programme for energy/ greenhouse gas reduction	PROGRESS	• ERA completed the first Cycle of the Australian Government Energy Efficiency Opportunity (EEO) programme. • Since commencement in December 2008, ERA completed 12 EEO projects with total annual energy savings of 39,865 GJ.
Continue progressing initiatives to improve efficiency in the operation resulting in lower unit costs per tonne mined and per tonne milled	YES	• Record mill rates were achieved in the plant along with lower cost per tonne due to improved utilisation, reduced consumable use and optimised use of contractors.
Ensure completion of mining in Pit 3 by the end of 2012	YES	• Pit 3 was successfully dewatered in May with mining in Pit 3 safely completed by the end of November.
Engage with land owners and other stakeholders on regional development and future of Jabiru	PROGRESS	• Continued to develop areas of agreement and mutual interest with the Gundjeihmi Aboriginal Corporation on regional development and the future of Jabiru.
Finalise and implement the Mining Agreement with Mirarr Traditional Owners and set up the resulting Relationship Committee	YES	• The Gundjeihmi Aboriginal Corporation, Northern Land Council, ERA and the Commonwealth Government finalised the suite of agreements governing operations at the Ranger Project Area, including a new Mining Agreement in January 2013. • The Gundjeihmi Aboriginal Corporation became members of the Minesite Technical Committee. • During the year improved collaboration occurred with the Gundjeihmi Aboriginal Corporation and Mirarr Traditional Owners around surface water, closure criteria, rehabilitation, housing and other areas of mutual interest.
Consult with land owners and stakeholders on major projects	YES	• The Gundjeihmi Aboriginal Corporation, government and regulators have all been fully briefed on the development of the Brine Concentrator project and the Ranger 3 Deeps exploration decline. • This has involved ongoing consultation, site visits and formal updates provided throughout the year. • ERA kept local stakeholders and community members updated on business activities through quarterly community briefings in and around Jabiru.
Expand upon Indigenous employment, training and development opportunities and enhanced educational programmes	YES	• Indigenous employment on average during year was 103 which is 17 per cent of total workforce. This is an increase of thirteen people compared to 2011 (90). • Throughout 2012, ERA maintained in excess of 100 Indigenous employees. • ERA sponsored five participants in the Indigenous Mine Training Programme and currently has five Indigenous trainees within the business. • ERA now has a Numeracy and Literacy Officer who works closely with Indigenous employees most in need of support in the workplace. • Winner of Best Training Initiatives Programme at the Australia National Training Awards.

Result legend

YES	NO	PROGRESS

2012 TARGET	2012 RESULT	
Build our leadership capabilities through our leadership Coaching and Mentoring programme	YES	• The Coaching and Mentoring programme has continued. Six staff have formally completed their competency training in Mentoring. • 133 leaders have been provided with training in Indigenous Awareness. This programme enables leaders to have open discussions where experiences and development opportunities can be shared. • ERA employees have participated in a variety of Rio Tinto learning and development programmes that are offered to all Rio Tinto business units.
Utilise innovative recruitment strategies to attract high calibre candidates	YES	• In late October, ERA and West Arnhem College (Education Department) launched a joint recruitment campaign in Queensland, New South Wales, Victoria and South Australia targeting "teachers and miners" that were interested in moving to the Northern Territory for a lifestyle change. This innovative campaign has attracted a large number of interested applicants and is an example of what can be achieved with innovative and collaborative recruitment campaigns.
Build upon educational initiatives with West Arnhem College	YES	• ERA facilitated eight separate school student and teacher tours of the Ranger mine including all the teachers and teachers' aides from the Gunbalanya campus. • Senior students combined media studies and learned video editing skills to create short videos about their work experiences with ERA, which has increased their awareness of employment opportunities at Ranger mine. • The partnership was formally recognised by the NT Minister for Employment and Training in September 2012 as a finalist in the NT Training Awards – "Training Initiative Award". • Five school based apprentices completed their Certificate II qualification while still enrolled in school at the West Arnhem College

Environment

During 2012, ERA continued to protect of the surrounding environment as indicated from the outcome of its statutory monitoring programmes.

The Australian Government's Supervising Scientist Division monitors the impact of uranium mining on the environment and people in the Alligator Rivers region.

The Supervising Scientist Division's 2011-2012 Annual Report states that its extensive monitoring and research programmes "confirm that the environment has remained protected through the period."

Water

Water management is a critical component of ERA's business. ERA is committed to ensuring that Ranger mine operations can safely and successfully store and treat large volumes of process water.

Between 2009 and 2012, ERA completed water management projects for a total cost of $82 million, including surface water interception trenches around stockpiles to protect local waterways, installation of continuous real-time monitoring stations, and additional ground water monitoring bores to augment the extensive ground water monitoring programme.

In addition to the above, during 2012, ERA completed a 2.3 metre lift of the Tailings Storage Facility (see Operations page 13), constructed a new pond water retention pond to store up to one gigalitre of pond water (see Operations page 13), and installed a contingency water pumping system between the Tailings Storage Facility and Pit 3.

From 2012 to 2014, ERA expects to expend a total of $316 million in various water management projects, including the $220 million Brine Concentrator (see Major Projects page 18).

Management of water

All aspects of water capture, storage, supply, distribution, sampling, use, treatment and disposal at the Ranger mine site are governed by ERA's Environment, Safety and Health Management System.

From an operations perspective, the different classes of water encountered on site are managed in accordance with ERA's Water Management Plan which is updated annually and submitted to the regulatory authorities for approval.

The different classes of water are process water, pond water, release water, potable water and water treatment plant permeate, with each class of water requiring a different management approach.

Currently ERA only treats pond water, producing a high quality permeate stream which is released to wetlands or irrigated in designated approved land application areas.

The planned completion of the Brine Concentrator in 2013 will produce up to 1.83 gigalitres of clean water per year through the treatment of process water.

Water monitoring

ERA's water monitoring system tracks changes in composition and flow rates in surface water, ground water and waterways. This data is shared with the Minesite Technical Committee and the Supervising Scientist Division.

This extensive and comprehensive system includes 200 ground water monitoring bores and 13 continuous real-time monitoring stations, located upstream and downstream of the Ranger mine, within Magela Creek and Gulungul Creek.

There is also an extensive network of continuous real-time monitoring stations throughout the operational area to ensure water is managed in accordance with regulatory and corporate requirements.

Elizabeth Mitchell, Environmental Officer, a member of the water quality team, who monitors 200 groundwater bores and 13 continuous real-time monitoring stations at Ranger mine.

ERA continues to progress key actions relating to a detailed independent review of the ground water systems around the Tailings Storage Facility, commissioned by ERA and the Gundjeihmi Aboriginal Corporation.

Independent Surface Water Study Group

In March, ERA and the Gundjeihmi Aboriginal Corporation agreed to establish a new, Independent Surface Water Working Group, following on from the success of the independent review of groundwater systems.

Over a six month period, the working group examined the impacts, monitoring and reporting of surface waters flowing from the Ranger mine. Committee members included representatives from the Gundjeihmi Aboriginal Corporation, the Supervising Scientist Division and ERA, an independent water expert as the Chair, a highly regarded, independent science advisor/reviewer and several external subject matter experts. Recommendations from the review were presented to the Gundjeihmi Aboriginal Corporation, Supervising Scientist Division and ERA in November. A plan to implement the review findings will be developed in early 2013.

Jabiluka Water Management Pond

ERA and the Gundjeihmi Aboriginal Corporation commenced discussions on plans for the progressive rehabilitation of the water storage pond on the Jabiluka lease. The involvement of the Mirarr Traditional Owners is vital to ensure that the land is rehabilitated in a culturally appropriate manner.

The pond, which currently stores rainwater, will be drained and rehabilitated to create a landform profile that recreates as closely as possible the land contours that existed before mining.

The area will be replanted with culturally and environmentally appropriate tube stock plants from the Kakadu Native Plants Nursery in Jabiru, drawing on ERA's experience with revegetation strategies developed from the eight hectare trial landform project at Ranger.

Land

ERA's land management responsibilities include operational works such as controlled burning, weed management, rehabilitation and closure research and capability demonstrations such as the trial landform, Pit 1 closure and Land Application Area rehabilitation trials, and planning activities.

Integrated Tailings, Water and Closure Study

ERA's overall mine closure plan outlines the strategy and action needed to successfully close and rehabilitate the Ranger Project Area within the allocated timeframe once ERA's mining and processing operations come to an end.

The closure strategy is based on current scientific and operational knowledge of rehabilitation techniques and is aligned with ERA's current plans for Ranger operations through to 2021.

ERA significantly progressed a complex Integrated Tailings, Water and Closure Prefeasibility Study. The study provided greater certainty on the work required, the schedule of the works and the costs to complete the closure and rehabilitation of the Ranger site, in accordance with the Environmental Requirements and within the time frame specified under the Ranger Section 41 Authority.

The Prefeasibility Study has developed, engineered and costed various closure strategies and has made a recommendation on ERA's preferred strategy.

The recommended strategy involves:

- transfer of tailings from the Tailings Storage Facility to Pit 3;
- disposal of salts through the injection of brine waste stream from the Brine Concentrator into a secure repository at the base of Pit 3;
- backfill and rehabilitation of Pit 1, Pit 3 and the Tailings Storage Facility;
- creation of the final landform;
- all associated water treatment/ management, environmental studies, revegetation and rehabilitation works; and
- demolition and disposal of all site infrastructure.

As a result of the Prefeasibility Study and other adjustments, ERA has adjusted the provision for rehabilitation works in the financial statements to $640 million on a net present cost basis ($565 million at 31 December 2011).

Based on the outcomes of the Prefeasibility Study, the ERA Board approved in November further funding to complete a Feasibility Study to advance the tailings transfer and brine management aspects of the closure strategy.

Pit 1 closure

A key element of ERA's land rehabilitation and closure strategy is the early closure and rehabilitation of the mined out Pit 1.

Pit 1 was the Ranger mine's first operational pit and was exhausted in 1994. It is currently used for storage of tailings and process water in accordance with current regulatory approvals.

ERA completed phase 1 of the Pit 1 closure programme which encompassed the installation of 7,554 prefabricated vertical drains (i.e. wicks) in the top 40 metres of the tailings mass within Pit 1.

This was completed by a purpose-built amphibious barge operating throughout the 2012 dry season.

The wicks are intended to dewater the upper level of the tailings, promote tailings consolidation and create a stable surface to support heavy machinery in order to commence backfill operations.

Water expressed via the wicks will be transferred to the Tailings Storage

Facility so as to maintain a relatively dry tailings surface in Pit 1.

Once the surface is ready, a fit-for-purpose geotextile layer will be placed over the tailings surface, followed by layers of crushed and run-of-mine waste rock until the final landform is achieved.

The new landform will then be revegetated using knowledge gained from ERA's trial landform project and other targeted research.

Magela Land Application Area rehabilitation trial

ERA is developing a comprehensive rehabilitation strategy for land application areas through the Magela Land Application Area rehabilitation trial.

The trial is designed to demonstrate ERA's soil remediation capability. The Magela Land Application Area, located on the Ranger Project Area, was identified as the area most impacted by contaminants as a result of irrigation between 1985 and 2008.

Trial rehabilitation work carried out confirmed the effectiveness of soil remediation methods involving surface scraping, soil mixing or a combination of both.

The trial also tested revegetation techniques required to restore the site to a similar condition to nearby undisturbed sites, and hosts the same plant species.

Land application areas at Ranger were previously used for disposing of excess pond water in accordance with ERA's regulator approved Water Management Plan.

Trial landform

ERA's large-scale trial landform is providing significant practical experience about the most effective ways to revegetate and rehabilitate disturbed areas of the Ranger Project Area.

The eight hectare trial landform was constructed in 2009 and comprises waste rock and laterite planted with local native plants.

The landform provides the opportunity to assess the performance of various revegetation strategies, erosion characteristics and rainfall run-off patterns.

Results from the trial landform studies are assisting in longer term modelling of the performance of the final landform created during rehabilitation of the entire mine site.

Some tree species planted as tube stock in 2009 and 2010 have reached a height of eight metres, and local native trees such as the Darwin Woollybut (*Eucalyptus miniata*) are flowering for the second consecutive year.

A PhD student from Charles Darwin University, funded by ERA and Australian Postgraduate Awards (APA) is studying the role that water retention plays within Kakadu and the reconstructed waste rock landform.

Weed management

The annual weed survey of the Ranger Project Area and Jabiluka Mineral Lease was conducted in April and May 2012. This year there were 33 introduced plant species recorded on the Ranger Project Area and 34 species recorded on the Jabiluka Mineral Lease.

Three species (*Antigonon leptopus*, *Quisqualis indica* and *Stachytarpheta sp.*) appear to have been eradicated from the Ranger Project Area, and there were no new weed species recorded on the Ranger Project Area or Jabiluka Mineral Lease.

Twelve weed management areas on the Ranger Project Area were surveyed in 2012. Four of these areas had an increase in weeds, whilst the survey recorded a decrease in eight areas.

On the Jabiluka Mineral Lease, 2.7 ha of weeds were recorded in 2012, compared to 4.4 ha recorded in 2011, with a decrease in weeds in all areas.

In the 2011-2012 weed control season, ERA made progress towards meeting five of the seven targets from the 5-Year Weed Management Plan. The plan describes ERA's weed management aims and targets, and is designed to enable ERA to meet overall objectives for weed management.

The results of this survey will be used to inform planning for the 2012-13 control season.

Aerial view of the trial landform in November 2012.

Michele Bush, Environmental Advisor, undertaking a vehicle check for seeds and weeds prior to departing Ranger mine.

In 2011, 11 weed management areas were mapped on the Ranger Project Area, rather than the whole area, as part of strategic use of survey resources.

Energy and greenhouse gas emissions

Diesel fuel is the principal source of energy at Ranger mine. Electricity produced by the diesel power station is used for lighting, heating, cooling, processing operations, milling ore, and water management (pumping, filtration). The power station also provides electricity for the town of Jabiru and Parks Australia's headquarters.

The measured total energy consumption for the Ranger operation in 2012 was 1,627,834 GJ (gigajoules), compared with 1,481,775 GJ in 2011. Combined greenhouse gas emissions for 2012 from all diesel, LPG, petrol use and process emissions, calculated as CO_2 equivalent (CO_2-e), was 128,725 tonnes (2011: 109,087 tonnes).

The 2012 increase is due to a return to normal production levels and additional energy use for major projects, compared to 2011, which was less due to the 4.5 months suspension of plant processing operations.

Biodiversity

ERA has conducted a traditional burning programme on the non-operational areas of the Ranger Project Area and Jabiluka Mineral Lease programme since 2007.

The programme involves the Mirarr Traditional Owners in fire management activities which reduce fire risk, increase biodiversity, and protect areas of cultural heritage significance.

The programme's objectives include providing employment to the Mirarr and other local Indigenous people and enabling re-connection with country on the Ranger Project Area and Jabiluka Mineral Lease.

Small groups travel on foot across the country early in the dry season (April–June), lighting small fires to produce a mosaic of small burnt and unburnt patches.

Examples of positive environmental and cultural heritage outcomes include burning in the Djarr Djarr area to reduce fuel loads and protect revegetation, and around the Jabiluka sandstone outlier to create a barrier against late dry season fires to protect cultural heritage sites and sensitive vegetation communities.

Over the four years, 15 Mirarr and local Indigenous people have been employed by the programme through the Gundjeihmi Aboriginal Corporation, with zero safety incidents or injuries.

Product stewardship

Helping the public and other key stakeholders understand the benefits, safeguards and impacts of developing and using uranium for peaceful nuclear power is a key part of product stewardship in the uranium industry.

All of Australia's uranium is exported for exclusively peaceful purposes, and only to countries and parties with which Australia has a bilateral nuclear cooperation (safeguards) Agreement. These Agreements ensure that Australia's nuclear exports remain for exclusively peaceful use.

Product stewardship includes identifying and documenting the impacts of mining uranium.

As part of Rio Tinto's Product Stewardship initiatives, ERA completed in June 2012, a Life Cycle Assessment (LCA) of its product, uranium oxide concentrate.

The LCA forms part of an Environmental Product Declaration which advises customers and other stakeholders of the environmental performance of our operation.

The LCA examines the impacts of one kilogram of our product in terms of standard reporting measures, and calculates total greenhouse gas emission for our product, including all contributions from our mining, processing and use of materials.

The LCA calculates that on 2011 data, the greenhouse gas emissions associated with producing one kilogram of uranium oxide was 50.5 kilograms of CO_2 equivalent. To put this in perspective, 1 kilogram of uranium oxide has the same electrical generation energy as over 16 tonnes of black coal or a release of over 38,000 kilograms of CO_2 from the burning of this much coal. Even taking into account all the emissions from the entire nuclear fuel cycle the CO_2 emission signature of uranium is far smaller than that from conventional coal fuelled power stations. Similar calculations can be performed for natural gas with over 21,000 kilograms of CO_2 being produced by a natural gas power plant with equivalent energy to 1 kilogram of uranium. (source: www.world-nuclear.org)

Given the electricity which will be produced from this product, this assists in confirming that uranium is one of the lowest greenhouse gas emitters of any source of energy, taking into account all components of the fuel cycle.

ERA also plays a key role in developing product stewardship and supporting research for the wider industry through its work with key industry associations, including the World Nuclear Association (WNA), the United Nations International Atomic Energy Agency (IAEA), and the International Commission on Radiological Protection (ICRP).

This included working with scientific organisations at the cutting edge of radiation protection, development of a standard global approach to evaluating health, safety and environment performance, and seeking global adoption of best practice in sustainability.

ERA's work with the WNA included contributing to the development of an international uranium mining standardised environmental checklist, which can be used by uranium purchasers to assess the environmental performance of uranium producers.

ERA's engagement with the ICRP focussed on support for cutting edge research into the latest assessment of dosimetry values for indoor exposure to radon and radon decay products.

This enables ERA to adopt the latest ICRP results, findings or exposure limit variations.

ERA worked with the IAEA to establish a programme which will investigate ways to consolidate occupational exposures in the uranium industry worldwide, similar to the register established this year in Australia.

ERA is also an active member of the Australian Uranium Association (AUA). The AUA promotes and builds understanding of the uranium industry's role in contributing to the global energy mix.

Further information on the AUA can be obtained at http://www.aua.org.au/

Waste management

ERA continues to investigate options for managing contaminated hydrocarbon wastes on site. Contaminated waste hydrocarbons include used engine oils and other lubricants associated with operation and maintenance of machinery in contact with uranium ore, such as mine haul trucks and open gear boxes in the processing plant.

Contaminated plant waste hydrocarbons cannot be moved off site and are stored in steel drums in a secure facility on site.

ERA is working with the Australian Nuclear Science and Technology Organisation to investigate options for managing hydrocarbon wastes.

A review and consolidation of storage drums carried out in 2012 reduced the number of hydrocarbon waste drums by 50 per cent.

Risk management

ERA's environmental protection measures, health and safety systems, radiation detection procedures and production activities are monitored, audited and reviewed on a regular basis.

ERA strives for best practice in all these areas. The Company's Code of Business Conduct defines expected behaviours for Company decisions and actions.

ERA's environment policy recognises that exemplary environmental management is crucial to long term success, requires compliance with all applicable legislation and other commitments, and aims to continuously improve environmental management performance.

The Company maintains international certification (ISO 14001) of its Environmental Management System, which includes ERA's Water Management System.

ERA also maintains Australian certification (AS 4801) of its Safety and Health Management System, including ERA's Radiation Management System.

Employment

In 2012, ERA's workforce increased in line with expanded activity relating to major projects and additional studies. The growth was partially offset by reductions in staff numbers in line with cost saving measures identified through the Business Review.

As at 31 December, ERA's total workforce was 639 people comprising 594 staff and 45 contractor positions across a range of full time, job-sharing, part-time and secondment arrangements.

ERA also directly employed 18 apprentices, four school based apprentices, and five Indigenous trainees.

ERA's female employment participation rate was 20 per cent, with 16 females across the business fulfilling leadership roles from supervisor level to manager level.

ERA also provides flexible work arrangements for both male and female employees to help them balance their work and life commitments.

Indigenous employment rates at 17 per cent have remained relatively steady despite cost saving measures required by the Business Review.

The average rolling staff turnover in 2012 was 25 per cent, which is a result of both standard industry labour movement and a transient population in the Northern Territory.

Alexander Spiers, Senior Electrical Engineer, and Richard Mitchell, Electrical Maintenance Technician, part of the electrical maintenance team at Ranger.

Indigenous employment

ERA is a leading employer of Indigenous people in the Northern Territory and a principal employer in the West Arnhem region. ERA's Indigenous employees are employed in positions at many levels within the company, from operations to human resources to leadership roles.

At 31 December 2012, ERA's workforce included 103 Indigenous employees, representing 17 per cent of all ERA full-time equivalent employees. In December there were 16 Indigenous contractors working at ERA. Throughout 2012, ERA maintained in excess of 100 Indigenous employees. This has never been achieved before at ERA.

Employment

ERA employed five Indigenous trainees across a range of operation departments. Trainees are matched with mentors who work with trainees on addressing their needs in the workplace and providing both personal and operational support to trainees in the workplace.

The Mentoring Programme is part of ERA's Indigenous Employment Strategy, which also includes flexible work arrangements, continued involvement in the Northern Territory Mine Training Programme, workplace literacy and numeracy training, and supporting students from local communities in work experience and school-based apprenticeships.

Late in 2012, ERA employed a Numeracy and Literacy Officer to support learning opportunities for Indigenous employees. In addition to designing an overall programme tailored to the workplace the focus has been on intensive training with a small group of employees. Early indications of progress are very positive.

ERA has required leaders at all levels of the business to attend the "Indigenous Employment for Leaders" course. This interactive course enables leaders to share, discuss and learn about the opportunities and challenges of managing Indigenous employees. The 133 leaders and specialists who attended this training gained valuable experience and provided positive feedback.

Darryl Tambling junior was part of the 2012 school based apprenticeship programme which forms part of the ERA and West Arnhem College Education partnership, which creates pathways for students into work at Ranger mine.

Northern Territory Mine Training Programme

Four Indigenous women have found ongoing employment with ERA after gaining job ready skills through the Northern Territory Mine Training Programme.

The pre-employment programme is run by the Minerals Council of Australia (Northern Territory Division) and Batchelor Institute of Indigenous Tertiary Education. The programme is tailored towards the mining industry and helps people from local Indigenous communities acquire the necessary work ready job skills.

ERA's support for the programme involves providing opportunities for programme participants from local Indigenous communities to learn on the job at Ranger.

The four female participants all completed the programme successfully and accepted offers of employment with ERA.

This programme was recently recognised at the Australia National Training Awards where it won the category of best Training Initiatives Programme.

New rosters and work arrangements

The continuation of the even time (seven on seven off) roster was successfully sustained during 2012. The even time roster was identified as enabling the business to most efficiently maximise the utilisation of its fly-in, fly-out (FIFO) accommodation as well as providing a market leading condition of employment for ERA's employees, and improves attraction and retention of employees.

The even time roster has delivered significant improvements in occupancy rates for company-owned accommodation, up from 50 per cent in 2011 to over 95 per cent in the latter half of 2012. Annualised savings exceed $5 million and the new roster has improved recruitment and retention of new and existing staff.

A market review of the Monday to Friday (non-shift) roster arrangements highlighted opportunities to improve working arrangements for FIFO and residential staff based at Ranger.

As such, from June 2012 ERA introduced a new policy to allow FIFO staff to enter into a Compressed Working Arrangement (CWA). Employees on the CWA have one day off every two weeks as a result of compressing their usual ten days into nine days over the fortnight.

This allows a regular day off every two weeks to allow people to attend to personal matters and activities on a week day. The change has been positively received by FIFO and Jabiru employees.

Cultural Awareness

New employees and contractors are introduced to the cultural, environmental and historical values of the Kakadu region and the Mirarr Traditional Owners through the Cultural Awareness Programme course.

This training forms part of ERA's induction programmes and is delivered in partnership with the Gundjeihmi Aboriginal Corporation representing the Mirarr Traditional Owners.

During the year, 125 new employees and long term contractors attended Cultural Awareness training programmes.

Education Partnership

The Education Partnership between ERA and the West Arnhem College (WAC) provides quality education and training opportunities leading to real employment and career options for students and families in the West Arnhem region.

The partnership forms the basis for an integrated programme of activities to build capacity in the local economy, support sustainable regional development, and improve education and employment outcomes for local community members.

In 2012, ERA employed five school based apprentices. This programme allowed them to obtain a Certificate II qualification while still enrolled in school at the West Arnhem College.

During 2012, ERA facilitated eight separate school student and teacher tours of the Ranger mine including all the teachers and teachers' aides from the Gunbalanya campus in Arnhem land. These visits are designed to raise awareness about employment opportunities at the Ranger mine and to answer questions that teachers or students have about the Ranger mine.

Two students (one male and one female) completed structured work placements in automotive mechanics at ERA during 2012. WAC senior students combined media studies and learned video editing skills through the creation of short videos about their work experiences with ERA. The students devised, scripted and directed the videos as part of integrated learning programmes supported by the WAC and ERA. The videos will be used as part of an online social media campaign promoting work and education opportunities with ERA in 2013.

The partnership was formally recognised by the NT Minister for Employment and Training in September 2012, as finalist in the NT Training Awards – "Training Initiative Award".

The Purdue family featured in a joint recruitment advertisement to recruit miners and teachers to the Ranger Mine and West Arnhem College. Des works at ERA in the Health, Safety and Environment team and Gayle is a teacher at the West Arnhem College. For more information visit: http://www.energyres.com.au/careers/561_miner_teacher_jobs.asp

Case Study: Scott Miller

ERA's Education Partnership with the West Arnhem College allows students at West Arnhem College to begin their qualifications while still at school as part of the School Based Apprenticeship Programme.

Scott Miller, 18, grew up in Jabiru and completed his school based boiler maker apprenticeship in 2012, at Ranger mine. In October 2012 Scott was awarded a Certificate II in Engineering Fabrication at a graduation ceremony through Charles Darwin University.

He successfully completed his Northern Territory Certificate of Education (NTCE).

Scott commenced a full time boiler maker apprenticeship with ERA in December, 2012.

Scott said "he would encourage other young Indigenous people to take advantage of opportunities in their local areas such as the career path he is pursuing through ERA".

"I hope to finish my apprenticeship and stay there for a bit, and then one day go to Perth hopefully and see what the mines in Western Australia are like. I see a bright future for me in the mining industry", Scott said.

Scott's mother Elizabeth said she felt extremely proud that her son had been able to complete his Certificate II and NTCE qualifications and gain full time employment at Ranger mine.

Scott was also awarded the Northern Territory Board of Studies School-Based Trainee High Commendation award in December.

Community

ERA is an important and active part of the local community, and makes significant contribution to the regional and Northern Territory economies. ERA participates in the local Jabiru community and the wider Northern Territory community through a range of engagement activities, support for education, and funding opportunities.

A key part of ERA's focus is building awareness of and supporting the important cultural heritage of the Alligator Rivers region.

Relationship with Mirarr Traditional Owners

The Gundjeihmi Aboriginal Corporation, representing the Mirarr Traditional Owners and ERA collaborate on a range of matters of mutual interest. These ranged from environmental protection and cultural heritage on ERA's mining tenements to housing and town planning in Jabiru.

In 2012, the Gundjeihmi Aboriginal Corporation was formally appointed as a member of the Ranger Minesite Technical Committee. The Gundjeihmi Aboriginal Corporation and ERA also jointly launched an independent surface water study for Ranger Project Area.

Mirarr Traditional Owners are represented on the Closure Criteria Committee Working Group and are actively participating in rehabilitation planning, including decommissioning and rehabilitation of the Jabiluka pond.

Both the Gundjeihmi Aboriginal Corporation and ERA are integral to the future of Jabiru and the region, and are collaborating around town governance, housing, infrastructure and local business development.

The Mirarr Traditional Owners are investing mining royalty benefits into the future of Jabiru, with the completion and opening of the Djidbidjidbi Residential College as well as running small businesses, a youth centre, social health and cultural programmes.

The Mirarr Traditional Owners have expressed an openness to consider future development on the Ranger Project Area.

Ranger Mining Agreement

The Gundjeihmi Aboriginal Corporation, the Northern Land Council, ERA and the Commonwealth Government finalised the suite of agreements governing operations at the Ranger Project Area, including a new Mining Agreement.

These agreements entitle the Mirarr to greater participation in the benefits from mining on their land, including an increased share of royalties, and establish a regional socio-economic trust and a Relationship Committee with ERA to promote information sharing and collaboration.

Royalty payments

ERA makes royalty payments to the Commonwealth Government of 5.5 per cent of net sales revenue from Ranger mine production. Royalties are not payable on material purchased by ERA from another operation and subsequently sold to meet customer commitments.

In 2012, the equivalent of 4.25 per cent of Ranger sales revenue was disbursed to Northern Territory based Aboriginal organisations, including the Gundjeihmi Aboriginal Corporation.

A further 1.25 per cent of Ranger sales revenue paid to the Commonwealth is distributed to the Northern Territory Government.

In 2012, ERA's royalties totalled $21 million (2011: $16 million). As ERA transitions from open cut mining to processing stockpiles from 2013 onward, royalty payments are likely to continue to decline in line with forecast production rates.

Over the past five years, ERA has made royalty payments of $129 million with $100 million distributed to Territory based Indigenous organisations and $29 million to the Northern Territory Government.

ACIL Tasman Report: economic contribution

During 2012, ERA commissioned ACIL Tasman to complete an Economic Impact Assessment of ERA's operations in the region. The report highlighted ERA's significant contributions to the town of Jabiru and the East Alligator Rivers region, as well as contributions to the Northern Territory and Australia.

The report assessed ERA's local and regional contributions in terms of direct contributions (such as employment, wages and salaries, purchase of supplies, royalty payments) and indirect contributions (flow-on effects from salaries being spent locally, the support for regional suppliers and local business).

Rob Atkinson, ERA's Chief Executive, Justin O'Brien, Executive Officer, Gundjeihmi Aboriginal Corporation and Yvonne Margarula, Mirarr Senior Traditional Owner at the signing of the Ranger Mining Agreement in January 2013.

The dollar value of ERA's combined direct and indirect contributions in 2011 was assessed as being $265 million for Jabiru (87 per cent of Jabiru's regional gross value added), $273 million (58 per cent) in the East Alligator River Region, and $580 million (3.6 per cent) for the Northern Territory.

In addition, ERA holds the subleases on approximately 66 per cent of private dwellings in Jabiru and a number of key commercial buildings. ERA also operates an airport to serve the mine, the Jabiru township and surrounding regions and the tourist industry (82 per cent of the airport's traffic is unrelated to the mine). In addition, Ranger employees' children account for 36 per cent of the student population at the Jabiru Area School.

ERA is directly and indirectly responsible for generating 71 per cent of jobs in Jabiru and 2.6 per cent of the Northern Territory's total employment. ERA's royalty payments are a major source of income for the Indigenous community as well as the Northern Territory Government.

Community engagement

ERA is very aware of the significant role it plays in the region. ERA continues to engage with the local Jabiru community and keep stakeholders up to date on its operations and major projects. During 2012 ERA held formal quarterly business updates with all of the main stakeholders and community groups in Jabiru, as well as providing information via ERA's presence at the Community Office in Jabiru.

Community partnerships

In 2012, ERA supported a wide range of community activities, including over $110,000 in partnerships and sponsorships providing support to local schools and students, sport, the arts and regional festivals.

Support was provided for a range of local community-based events, ranging from the ERA Golf Open and Gurrung Community Sports Carnival through to larger-scale events such as the Northern Territory Indigenous Music Awards. ERA supported the Mahbilil Festival in Jabiru and the Stone Country Festival in Gunbalanya. The Mahbilil Festival showcases art, culture and the community spirit of Jabiru and the West Arnhem region. ERA was proud to be a major sponsor of the festival and staged an information stand along with many other stallholders. The festival also included a variety of music, dance, art and entertainment to celebrate the diversity of the region.

The Stone Country Festival is held in Gunbalanya and celebrates the culture and talents of the community. ERA was once again a part of the event with many employees spending time interacting with festival attendees and staffing the ERA information stand. ERA was proud to sponsor the Kunborrl Traditional dance and song, which was performed by Indigenous dancers.

ERA sponsors the George Chaloupka Fellowship programme run by the Museum and Art Gallery of the Northern Territory Foundation. The 2012 Fellowship was awarded to Monash University PhD research student Daniel James. Daniel will use the $28,000 scholarship funds to examine and document the rock art of the Jawoyn site known as Little Barra, a rock shelter on the Arnhem Land plateau.

Daniel's research tells the archaeological story how Jawoyn ancestors engaged with a particular place over thousands of years through rock art at the Little Barra site.

The research combines detailed systematic inventory of the rock art of the Little Barra rock shelter with a systematic digital enhancement programme of all decorated rock surfaces. Daniel's research will continue until October 2013.

Pit 3 with the Ranger mine processing plant in the background. The Ranger 3 Deeps exploration decline portal is located between the processing plant and Pit 3.

Financial Report 2012

Financial Report

Directors' Report

Directors

DR DAVID KLINGNER

BSc(Hons), PhD, FAusIMM
CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Director in July 2004 and as Chairman in January 2005. Member of the Audit and Risk Committee and Remuneration Committee. Dr Klingner retired from Rio Tinto in 2004 after 38 years of service. During his time with Rio Tinto he worked in roles involving exploration, project development and production including a period as Group Executive in charge of coal and gold. He was head of exploration when he retired and a member of Rio Tinto's Executive Committee. Dr Klingner is also a non-executive Director and the Chairman of Codan Limited and Turquoise Hill Resources Ltd (formerly Ivanhoe Mines Ltd).

MR ROB ATKINSON

BE(Hons) Mining & Petroleum Engineering
CHIEF EXECUTIVE

Appointed as a Director in September 2008 and Chief Executive in September 2008. Mr Atkinson has served with the Rio Tinto Group since 1993, holding management, operational and corporate roles in Australia, the US and the UK, in the Energy, Iron Ore and Aluminium Product Groups. Mr Atkinson is the Chairman of the Australian Uranium Association. Mr Atkinson has been appointed as a Vincent Fairfax Fellow and a member of the Advisory Board of the Melbourne Business School, Centre for Ethical Leadership.

DR HELEN GARNETT

BSc(Hons), PhD, PSM, FTSE, FAICD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Director in January 2005. Chair of the Audit and Risk Committee and member of Remuneration Committee. From October 2003 to 31 December 2008, Dr Garnett was Vice Chancellor of Charles Darwin University in the Northern Territory. Between 1994 and 2003, Dr Garnett served as the Executive Director of the Australian Nuclear Science & Technology Organisation (ANSTO) and as an Australian representative to the United Nations International Atomic Energy Agency. Dr Garnett is an Emeritus Professor of the University of Wollongong and of Charles Darwin University, a Fellow of the Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors. Dr Garnett is currently the Chair of Delta Electricity, a non-executive Director of Carbon Energy Limited, Director of the Australian Centre for Plant Functional Genomics, Director of the Grape and Wine Research and Development Corporation and Director of the Museum and Art Gallery, NT Foundation.

MR PETER TAYLOR

BA, BSc, LLB, LLM, FAICD
NON-EXECUTIVE DIRECTOR

Appointed as a Director in February 2007. A lawyer in private practice before joining Rio Tinto, Mr Taylor has held a number of executive and management positions in the exploration, project development, commercial and legal operations of the Rio Tinto Group. Mr Taylor has served as Managing Director and Chairman of Bougainville Copper Limited since 21 October 2003, having been a Director since April 1997. Mr Taylor is also a director of a number of unlisted Rio Tinto Group companies.

MR JOHN PEGLER

BE (Mining), MAusIMM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Director in July 2009. Member of the Audit and Risk Committee and Chair of Remuneration Committee. Mr Pegler is also a non-executive Director and Chairman of Bandanna Energy Limited and non-executive Director of WDS Ltd and CS Energy Limited. He is the past Chairman and Director of the Australian Coal Association Ltd and the Past President and a Life Member of the Queensland Resources Council. Mr Pegler was previously Chief Executive Officer of Ensham Resources Pty Limited and has previously held operational roles within BP Australia Limited and the Rio Tinto Group including President Director of PT Kelian Equatorial Mining and Managing Director Group Procurement Eastern Hemisphere.

MR PETER MCMAHON

BEcon(Hons), MEcon, MSc
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as a Director in November 2012. Member of the Audit and Risk Committee and Remuneration Committee. Mr McMahon has been the principal of an independent advisory business, McMahon Advisory Pty Ltd, since 2010. Prior to this time, Mr McMahon spent 30 years with the Rio Tinto Group in senior commercial roles with emphasis on business and project development in Australia, UK, USA and Europe. Mr McMahon is also a non-executive Director and Chairman of Ivanhoe Australia Limited.

MRS HELEN NEWELL

BComms, MBA
NON-EXECUTIVE DIRECTOR

Appointed as a Director in November 2012. Mrs Newell is currently Vice President – Infrastructure, Rio Tinto Energy, responsible for oversight of infrastructure strategy and development to support the Energy groups businesses globally. Prior to joining the Rio Tinto Group in May 2011, Mrs Newell spent 20 years in the transport and infrastructure industry in Australia and North America, with Booz Allen & Hamilton and the Toll Group. Her roles included divisional general manager of Toll Transitions, and leading major projects, strategy and external relations for Toll Holdings' subsidiaries. She also sat on various industry and subsidiary boards, including the Australian Logistics Association and the Australasian Railways Association. Mrs Newell is also a Director of Port Waratah Coal Services Limited and the Ascham School.

MR MATTHEW COULTER

BE (Chemical), MBA
NON-EXECUTIVE DIRECTOR – RESIGNED 20 NOVEMBER 2012

Appointed as a Director in June 2010 and resigned on 20 November 2012. Mr Coulter is the Director Energy Business Development for Rio Tinto. Mr Coulter joined Rio Tinto in 1994, and has held roles in business evaluation, business development, operational improvement and external relations. He was Chairman of Dalrymple Bay Coal Terminal Pty Ltd and Half Tide Marine Pty Ltd, and a director of Port Waratah Coal Services Ltd, Hunter Valley Coal Chain Co-Ordinator Limited, and a number of unlisted Rio Tinto Group companies.

Executive Committee

MR ROB ATKINSON

BE(Hons) Mining & Petroleum Engineering
CHIEF EXECUTIVE

Appointed as a Director and Chief Executive in September 2008. Mr Atkinson has been employed with the Rio Tinto Group since 1993, holding management, operational and corporate roles in Australia, the US and the UK, in the Energy, Iron Ore and Aluminium Product Groups. Mr Atkinson is the Chairman of the Australian Uranium Association. Mr Atkinson has been appointed as a Vincent Fairfax Fellow and a member of the Advisory Board of the Melbourne Business School, Centre for Ethical Leadership.

MR STEEVE THIBEAULT

BA (Acc)
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr Thibeault was appointed as Chief Financial Officer in July 2009 and Company Secretary in 2009. Mr Thibeault has over 32 years experience in the mining and manufacturing industries and previously held diverse finance roles with Rio Tinto Alcan and Alcan Aluminium Limited.

MR TIM ECKERSLEY

B.Sc. Agric (Hons)
GENERAL MANAGER, OPERATIONS

Mr Eckersley was appointed as General Manager Operations in September 2012. Over the last 20 years Mr Eckersley has held various leadership roles in the mining industry including in bauxite, alumina, gold, mineral sands and iron ore. Prior to joining ERA, Mr Eckersley was General Manager within Rio Tinto Iron Ore Expansion Projects business unit.

DR GREG SINCLAIR

BAppSc (Chemistry), PhD, FAusIMM
GENERAL MANAGER, TECHNICAL AND MAJOR STUDIES

Dr Sinclair was appointed as General Manager Technical and Major Studies in May 2007. Dr Sinclair has over 27 years experience in the resources sector and has formerly held roles with the Iron Ore Company of Canada, Rio Tinto Technical Services & HSE Groups, North Limited and the Australian Nuclear Science & Technology Organisation.

MR ALAN TIETZEL

BA BCom Dip Ed MBA
CHIEF ADVISOR AGREEMENTS

Mr Tietzel was appointed as General Manager External Relations in July 2010 and subsequently Chief Advisor Agreements in September 2012. He has a background in Aboriginal land agreements, regional development, government relations, human resources and organisation development. Mr Tietzel joined Rio Tinto in 1990. He has worked in the diamonds, salt, bauxite and alumina sectors, and in various corporate functions.

MR DAVID STARK

BE(Hons) Electrical Engineering, MIE Aust
GENERAL MANAGER MAJOR PROJECTS

Mr Stark was appointed as General Manager Major Projects in September 2011. Mr Stark started with Rio Tinto in 1997 and has held various leadership roles in the engineering and maintenance fields. Prior to starting with ERA, Mr Stark was the Engineering Manager for the Rio Tinto Energy Major Projects Group.

MR ROBERT O'TOOLE

LLB, BSc
COMPANY SECRETARY AND LEGAL COUNSEL

Mr O'Toole was appointed as joint Company Secretary and Legal Counsel in July 2010. Mr O'Toole joined Rio Tinto in 2005 and previously served as company secretary and legal counsel at Coal & Allied Industries Limited. Prior to joining the Rio Tinto Group, Mr O'Toole was employed in private legal practice since 2000.

Meetings of Directors

The number of Directors' and committee meetings held and the number of meetings attended by each of the Directors of the Company during the financial year is shown below:

	DIRECTORS MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS		OTHER COMMITTEE MEETINGS	
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
D Klingner	6	6	3	3	2	1	1	1
H Garnett	6	6	3	3	2	2	1	1
P Taylor	6	6	-	-	-	-	-	-
J Pegler	6	6	3	3	2	2	-	-
R Atkinson	6	6	-	-	-	-	1	1
P McMahon[1]	1	1	-	-	-	-	-	-
H Newell[2]	1	1	-	-	-	-	-	-
M Coulter[3]	6	6	-	-	-	-	-	-

Note 1 Appointed as a Director on 20 November 2012.

Note 2 Appointed as a Director on 20 November 2012.

Note 3 Resigned as a Director on 20 November 2012.

Mr Atkinson was invited to Audit and Risk Committee meetings and attended all such meetings held during the year.

Interests of Directors

The interests of each Director in the share capital of the Company, other companies within the consolidated entity or in a related body corporate as at 31 January 2013 are shown below:

DIRECTOR	ENERGY RESOURCES OF AUSTRALIA LTD, ORDINARY SHARES	RIO TINTO LIMITED, ORDINARY SHARES	RIO TINTO LIMITED, OPTIONS IN ORDINARY SHARES	RIO TINTO LIMITED, CONDITIONAL INTERESTS IN ORDINARY SHARES
D Klingner	-	29,787	-	-
H Garnett	-	-	-	-
P Taylor	-	24,996	12,987	9,666
J Pegler	-	6,331	-	-
R Atkinson	-	888	2,699	11,971
P McMahon	-	18,405	-	-
H Newell	161	-	-	6,296

Remuneration report

The Remuneration Report is set out under the following main headings:

A. Board oversight of remuneration

B. Principles used to determine non-executive Directors' remuneration

C. Principles used to determine executive remuneration

D. Details of remuneration

E. Executive service agreements

F. Share based compensation

G. Additional information

The information provided in the Remuneration Report has been audited by the Company's independent auditor as required by section 308(3C) of the *Corporations Act 2001*.

A Board oversight of remuneration

In 2012, the Board established a Remuneration Committee with responsibility to review:

- remuneration framework and policies (including key performance indicators) for the Company's senior executives;
- remuneration and performance of the Company's senior executives;
- remuneration of the Company's non-executive directors; and
- remuneration disclosures made by the Company.

The Remuneration Committee Charter is available at the Corporate Governance section of the website.

At the 2012 Annual General Meeting, the 2011 Remuneration Report was approved with 92.14% of shareholders who cast a vote, voting in favour.

B Principles used to determine non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the non-executive Directors. Up to and including 2012, non-executive Directors' fees and payments were reviewed annually by the Board. From 2013, the Remuneration Committee will review and make recommendations to the Board regarding non-executive Directors' remuneration. These fees are comprised of a base fee and any fees payable to non-executive Directors for their membership on established committees of the Board. ERA does not pay retirement or post-employment benefits to non-executive Directors, however, statutory superannuation contributions are paid. In addition, from time to time, the Board may approve that non-executive Directors receive additional fees for services provided outside the established committee processes.

The following principles are applied in determining the remuneration of non-executive Directors:

- the responsibilities of and time spent by the non-executive Directors on the affairs of ERA, including preparation time;
- acknowledgement of the personal risk borne as a Director;
- comparison with professional market rates of remuneration to remain competitive with the market having regard to companies of similar size and complexity; and
- the desire to attract Directors of a high calibre with appropriate levels of expertise and experience.

At the 2008 Annual General Meeting, shareholders resolved to amend the Constitution of the Company to provide that the aggregate remuneration for non-executive Directors of ERA would be not more than $800,000 per annum. The aggregate amount of non-executive Directors' remuneration paid in 2012 was $616,000 inclusive of statutory superannuation.

The non-executive Directors' fees were reviewed by the Board in January 2013. The annual fees for non-executive Directors for 2013 (excluding superannuation) are as follows:

	2013	2012
Chairman	**$162,000**	$162,000
Non-executive Director	**$90,000**	$90,000
Audit and Risk Committee Chairman*	**$20,000**	$20,000
Audit and Risk Committee Member*	**$13,000**	$13,000
Remuneration Committee Chair*	**$5,000**	-

** Fees are payable in addition to Chairman and non-executive Director fees.*

The Board has resolved that no additional committee fees are payable to members of the Remuneration Committee (excluding the Remuneration Committee Chair, who is entitled to a fee of $5,000 per year from 1 January 2013).

C Principles used to determine executive remuneration

Following its establishment in early 2012, the Remuneration Committee is responsible for the review of, and where appropriate will make recommendations to the Board in respect of, executive remuneration.

As the Company is a member company of the Rio Tinto Group, the Company generally implements the remuneration policies and procedures determined by the Rio Tinto Remuneration Committee and applied to senior management personnel across the wider Rio Tinto Group, to determine the remuneration of the Chief Executive and other key management personnel of the Company (together, 'senior executives').

As a member of the Rio Tinto Group of companies, ERA's senior executives are seconded from Rio Tinto and are hence drawn from the talented pool of executives in the wider Rio Tinto Group. It is the view of the Remuneration Committee (which has been endorsed by the Board) that a company of ERA's size, scope and remote location would have significant difficulty in attracting executives of the calibre neccesary to ensure superior performance or in retaining them for significant periods if this arrangement was not in place. Under these circumstances, the Board believes that the general application of the Rio Tinto remuneration framework to ERA's senior executives, with appropriate review by the Company's Remuneration Committee, is of benefit to ERA.

For the purposes of assessing the appropriate level of remuneration, the Australian resources sector is considered the most relevant comparator group. Additional references are also made to other relevant supplementary comparator groups comprising companies primarily from the ASX 200. Typically, base salaries are positioned at the median of these comparator groups, while incentive plans are designed with the potential to deliver total remuneration outcomes across the full market range according to business and individual performance.

The related costs of these programmes are recognised in the Company's financial statements. For the purpose of disclosure under the *Corporations Act 2001* and relevant Accounting Standards, the "key management personnel" of the Company and the consolidated entity, apart from the Chief Executive and the non-executive Directors, have been determined to be the General Managers of the Company (including the Chief Advisor Agreements) reporting directly to the Chief Executive.

Executive remuneration, including base salary and short and long term incentive plan awards, and other terms of employment are reviewed annually having regard to the evaluation of individual and business performance against goals set at the start of the year, global economic conditions, relevant comparative information and advice from the Rio Tinto Remuneration Committee. As well as base salary, remuneration packages may include fringe benefits such as medical insurance, car, rent and other allowances, superannuation, retirement and termination entitlements and short and long term incentives.

The annual performance evaluation and management process includes formal consultation between the Chairman (based on the Remuneration Committee's review and recommendations) and the Chief Executive of the Rio Tinto Energy Product Group regarding the Chief Executive of the Company, and between the Remuneration Committee and the Chief Executive of the Company regarding the other senior executives.

The executive pay and reward framework is designed to provide a total remuneration package which is competitive in the market; aligns total remuneration with delivered individual and short and long term business performance; strikes an appropriate balance between fixed and variable components; links variable components to the achievement of challenging individual and business performance targets, and ensures the attraction, motivation and retention of the high calibre senior executives required to lead the Company.

The Company Secretaries of the Company are subject to the same executive remuneration pay and reward framework.

The executive pay and reward framework has four components:

- Base salary and benefits;
- Short term incentive plans;
- Long term incentive plans through participation in the Rio Tinto Share Option Plan (SOP), Performance Share Plan (PSP) and Rio Tinto Management Share Plan (MSP); and
- Other remuneration such as superannuation.

Performance and non-performance related remuneration

Total remuneration is a combination of the fixed, performance and service related elements described in this report. The short and long term incentive plans (other than the Rio Tinto MSP) are the variable components of the total remuneration package and are therefore "at risk". They are tied to achievement of specific business measures, individual performance and service. The other components are referred to as "fixed" as they are not at risk.

The long term incentive plan is designed to provide a target expected value of between 22.5 and 55 per cent of base salary for the senior executives and the Chief Executive, delivered in any one year through a blend of SOP, PSP and MSP awards. In 2012, awards were made under the PSP and the MSP; no awards were made under the SOP.

Excluding post employment and non-monetary benefits, the proportion of total direct remuneration provided by way of variable at risk components, assuming maximum levels of performance, as at 31 December 2012 for the Chief Executive and other senior executives was between 45 and 69 per cent. The actual proportion of total direct remuneration provided by way of variable performance related components (including proportion of options) will differ from these percentages depending on measured Company and individual performance and the current blend of share plans.

Base salary

Base salary is set at a level consistent with market expectations within the wider Rio Tinto remuneration framework and may be delivered as a mix of cash and prescribed non-financial benefits. It is targeted broadly at the median of companies of similar size, global reach and complexity, including other large natural resource companies. Base salary is reviewed annually and adjusted taking into account the individual and Company performance, global economic conditions, role responsibilities, an assessment against comparator groups, internal relativities and base salary budgets applying to the broader Rio Tinto employee population.

Short term incentive plan

The short term incentive plan provides a bonus opportunity and is designed to support the overall remuneration policy by focusing management personnel on calendar year performance against challenging individual and business targets.

Short term incentive performance conditions

Individual performance is reviewed against relevant targets and objectives annually. All senior executives of the Company have between 40 and 70 per cent of their performance based bonus based on business measures with the remainder based on individual measures.

The short term incentive plan bonus payments disclosed in this report are amounts paid in 2012 relating to performance in 2011.

The Company's business performance measures for 2011 used in the determination of short term incentive plan payments were:

- Financial – ERA net earnings and cashflow.
- Health and safety – ERA All Injury Frequency Rate, Semi Quantitative Risk Assessments and closure rates of Significant Potential Incidents.
- Business – ERA drummed production, quantity of pond water treated, completion of four metre Tailings Storage Facility lift and quantity of material moved.

Bonus Deferral Plan

In 2011, 10 per cent of the Chief Executive's short term incentive plan bonus paid for service in 2010 was satisfied through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto Bonus Deferral Plan (BDP).

In 2012, 25 per cent of the Chief Executive's short term incentive plan bonus pay was satisfied through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto BDP.

The same percentage will be satisfied in 2013 through the deferred award of shares in Rio Tinto Limited under the terms of the Rio Tinto BDP.

Long term incentive plans

In 2012, the Company's Remuneration Committee considered the application of the Rio Tinto long term incentive plans to the Company's senior executives. As previously outlined, the Remuneration Committee believes that the general application of the Rio Tinto remuneration framework (including the Rio Tinto long term incentive plans) to ERA's senior executives with appropriate review by the Remuneration Committee, is of benefit to the Company. As such the Remuneration Committee recommended that the Company's long term incentive plans remain unchanged for 2012 and 2013 (subject to any changes that may be made to the plans by Rio Tinto during 2013). During 2013, the Remuneration Committee will review the position for future years.

Share based remuneration dependent on performance

Rio Tinto Share Option Plan

An annual grant of options to purchase shares (in Rio Tinto Limited or Rio Tinto plc, determined by the employee's contractual employing entity) in the future at current market prices may be made by Rio Tinto to eligible senior management personnel.

Each year, the Rio Tinto Remuneration Committee considers whether a grant of options should be made under the Rio Tinto Share Option Plan (SOP) and, if so, at what level. In arriving at a decision, the Rio Tinto Remuneration Committee takes into consideration Group remuneration approaches, individual performance as well as local remuneration practice.

Under the SOP, options are granted to purchase shares at an exercise price based on the share price at time of grant. No options are granted at a discount and no amount is paid or payable by the recipient upon grant of the options.

No options under the SOP become exercisable unless Rio Tinto has met stretching performance conditions. In addition, before approving any vesting and regardless of performance against the respective performance conditions, the Rio Tinto Remuneration Committee retains discretion to satisfy itself that Rio Tinto's Total Shareholder Return (TSR) performance is a genuine reflection of value available to shareholders. Under the SOP, vesting is subject to Rio Tinto's TSR equalling or outperforming the HSBC Global Mining Index over a three year performance period.

The HSBC Global Mining Index covers the mining industry globally. If TSR performance equals the index (threshold performance) then awards of up to 20,000 options or one-third of the award (whichever is greater) will vest. The full grant may vest if the TSR performance is equal to or greater than the HSBC Global Mining Index plus five per cent per annum. Between these points, options may vest on a sliding scale, with no options becoming exercisable for a three year TSR performance below the index.

Options will lapse if they do not vest at the conclusion of the three year performance period. Prior to any options vesting, the Rio Tinto Group's performance against the criteria relevant to the SOP is calculated independently by Towers Watson, global financial services provider. If Rio Tinto was subject to a change of control or a company restructuring, options would vest subject to the satisfaction of the performance condition measured at the time of the takeover or restructuring.

Depending on the circumstances, the Rio Tinto Remuneration Committee has the discretion to adjust the performance condition to ensure a fair measure of performance.

In the case of an acquisition, the Rio Tinto Remuneration Committee may at its discretion and with the agreement of participants determine that options will be replaced by equivalent new options over shares in the acquiring company.

If a performance period is deemed to end during the first 12 months after the options were granted, the grant will be reduced pro rata.

Where an option holder dies in service, subsisting option grants vest immediately, regardless of whether the performance conditions have been satisfied. The estate will have 12 months in which to exercise the options.

SOP options may be exercised within ten years of initial grant, and upon exercise may be satisfied by Rio Tinto through the transfer of treasury shares, the issue of new shares or the purchase of shares in the market.

Performance Share Plan

Rio Tinto's Performance Share Plan (PSP) provides a conditional right to Rio Tinto shares to eligible senior management personnel within the Rio Tinto Group, including the senior executives of the Company.

The conditional awards only vest if the performance condition set by the Rio Tinto Remuneration Committee is satisfied by Rio Tinto, although the Rio Tinto Remuneration Committee retains discretion to satisfy itself that satisfaction of the performance condition is a genuine reflection of the underlying performance of the business. Prior to the vesting of conditional awards, Rio Tinto's TSR performance against the performance condition is calculated independently by Towers Watson.

Subject to Rio Tinto Remuneration Committee approval, awards vest based on the Rio Tinto Group's TSR performance against the Morgan Stanley Capital World Index (50 per cent) and the HSBC Global Mining Index (50 per cent), reviewed as at 31 December of the fourth year of the grant. The level of vesting depends on performance against the indices.

If Rio Tinto was subject to a change of control or a company restructuring, the conditional awards would only vest subject to the satisfaction of the performance condition measured at the time of the change of control or restructuring. The Rio Tinto Remuneration Committee has discretion to adjust the performance condition to ensure a fair measure of performance. Additionally, if a performance period is deemed to end during the first 12 months after the conditional award is made, that award will be reduced pro-rata.

Rio Tinto releases awards to participants as either Rio Tinto plc or Rio Tinto Limited shares or as an equivalent amount in cash. Awards may, upon vesting, be satisfied by Rio Tinto through the transfer of treasury shares, the issue of new shares or the purchase of shares in the market.

Share based remuneration not dependent on performance

Rio Tinto Management Share Plan

Under the Rio Tinto Management Share Plan (MSP), conditional grants of Rio Tinto shares may be awarded to eligible senior executives of the Company which will vest, wholly or partly, upon expiry of a three year vesting period. Rio Tinto shares to satisfy the vesting are purchased by Rio Tinto in the market. Award levels under the MSP are at the discretion of Rio Tinto.

In the case of a change of control, awards vest on the date of the change of control, but the award may be reduced pro rata to reflect the acceleration of vesting. Prior to the change of control, and with the consent of the acquiring company, the shares can be converted to shares in the acquirer. After a change of control, this can only be achieved with the consent of the employee.

Other Share Plans

The senior executives of the Company, together with all employees of the Company, may participate in Rio Tinto share savings and share option plans applicable at particular locations. Up to and including 2011, these include the Rio Tinto Limited share savings plan for senior executives employed from the Rio Tinto Limited group of companies and the Rio Tinto plc share savings plan for senior executives employed from the Rio Tinto plc group. In 2012, the Rio Tinto Remuneration Committee approved and implemented a new global employee share purchase plan. The new plan has been offered to eligible employees. Under the plan, employees may acquire shares up to the value of US$5,000 per year capped at 10% of their base salary. Each share purchased will be matched by the Company providing the participant holds the shares and remains employed at the end of the three year vesting period. Further details are at Note 32 to the Financial Statements.

Share dealing policy

The participation of senior executives in the Rio Tinto share plans involving the awarding of Rio Tinto securities at a future date, and any grants of shares and options under these plans, is subject to and conditional upon compliance with the terms of the 'Rules for dealing in securities of Rio Tinto, its subsidiary and associated companies' ("Rules for dealing"). The Rules for dealing expressly prohibit the limiting of exposure to economic risk in relation to such securities, and are available on the Rio Tinto website at *www.riotinto.com*.

D Details of remuneration

Details of the remuneration of each non-executive and executive Director and each of the other senior executives in respect of their services to the Company and the consolidated entity are set out in the following tables.

Non-executive directors of Energy Resources of Australia Ltd

		SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS	
		DIRECTORS FEES ($000)	CASH BONUS ($000)	NON- CASH BENEFITS ($000)	SUPER-ANNUATION ($000)	TOTAL ($000)
D Klingner	**2012**	**175**	**-**	**-**	**16**	**191**
	2011	175	-	-	16	191
H Garnett	**2012**	**110**	**-**	**-**	**10**	**120**
	2011	110	-	-	10	120
P Taylor[1]	**2012**	**90**	**-**	**-**	**-**	**90**
	2011	90	-	-	-	90
J Pegler	**2012**	**103**	**-**	**-**	**9**	**112**
	2011	103	-	-	9	112
P McMahon[2]	**2012**	**12**	**-**	**-**	**1**	**13**
	2011	-	-	-	-	-
H Newell[1,3]	**2012**	**10**	**-**	**-**	**-**	**10**
	2011	-	-	-	-	-
M Coulter[1,4]	**2012**	**80**	**-**	**-**	**-**	**80**
	2011	90	-	-	-	90
Total 2012		**580**	**-**	**-**	**36**	**616**
Total 2011		568	-	-	35	603

Note 1 Amounts paid directly to Rio Tinto Limited.

Note 2 Appointed as a Director on 20 November 2012

Note 3 Appointed as a Director on 20 November 2012.

Note 4 Resigned as a Director on 20 November 2012.

Executive Director and other key management personnel of the consolidated entity

Set out below is an overview of the remuneration paid to the executive director and other key management personnel in 2012. This includes details of the key elements of remuneration and a summary of total remuneration for 2012.

Rob Atkinson (Chief Executive)

Base salary

Mr Atkinson's base salary is reviewed annually, with reference to the underlying performance of ERA, the Rio Tinto Group and Mr Atkinson, global economic conditions, role responsibility, an assessment against relevant comparator groups, internal relativities and base salary budgets applying to the broader Rio Tinto employee population.

On 1 March 2012, Mr Atkinson's base salary was increased by six percent to $399,094 (1 March 2011: $376,504).

Having regard to the present economic conditions and the financial and operational performance of ERA, Mr Atkinson recommended to the Remuneration Committee that there be no increase in his base salary, and that of the other key management personnel, in 2013. The Remuneration Committee accepted this recommendation.

STIP Objectives

The STIP cash payment made to Mr Atkinson and other key management personnel in 2012 was determined by assessing individual and business performance against objectives set for 2011.

The following individual objectives were set for Mr Atkinson for 2011 were:

- Improve employee engagement and diversity at ERA;
- Enhance ERA's relationships with stakeholders and improve ERA's health and safety performance;
- Revise ERA's strategic plan to maximise value from the Ranger Project Area;
- Implement business improvement programmes to generate sustainable business value and operating performance improvement for ERA; and
- Revise ERA's process and pond water management strategy.

STIP outcomes

Mr Atkinson's achievement against his 2011 personal objectives was assessed as very good. In particular:

- at the end of 2011, ERA was one of the leading employers of Indigenous people in the Northern Territory with an Indigenous employee rate of 17% and female employment rate of 22%;
- despite the challenging conditions in 2011, ERA achieved a world class two million hours without a lost time injury and a record All Injury Frequency Rate of 0.57;
- ERA completed a Feasibility Study on the construction of a brine concentrator to treat process water at the Ranger Project Area, which the Board approved in February 2012 at an estimated cost of $220 million;
- a four metre lift to the Tailings Storage Facility was completed in November 2011 safely, on time and on budget;
- the construction of the Ranger 3 Deeps exploration decline, to further explore the Ranger 3 Deeps mineral resource, was approved in August 2011;
- the company successfully raised approximately $500 million through an underwritten accelerated renounceable entitlement offer to fund its strategic initiatives; and
- the company undertook a business wide review which identified targeted cumulative cost savings of $150 million by the end of 2014.

LTIP awards granted

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the awards granted in 2012, based on the fair value calculations performed by individual advisors, was 45 per cent of base salary. The eventual value of the award will depend on performance during the period 2012 to 2015.

Total remuneration

The table below provides a summary of the Chief Executive's total remuneration disclosed for the years of 2010, 2011 and 2012. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Group's remuneration arrangements. The remuneration details set out on page 58 include theoretical accounting values relating to various parts of the remuneration packages, most notably long term incentive plan arrangements. Accordingly, the numbers below are not compatible with those in the table on page 58.

(STATED IN $'000)	2012	2011	2010
Base salary paid[1]	396	375	360
STIP cash bonus	189	208	153
STIP deferred shares[2]	63	26	-
LTIP share based payments	223	221	188
Superannuation	92	89	86
Other benefits[3]	84	82	80
Total remuneration	1,047	1,001	867
% change from previous year	5%	14%	N/A
% of maximum STIP cash bonus awarded	67%	65%	62%
% of maximum STIP cash bonus forfeited	33%	35%	38%

Note 1 Salary paid in financial year to 31 December. Salaries are reviewed with effect from 1 March.

Note 2 Value of deferred share awards granted under Bonus Deferral Plan.

Note 3 Other benefits include relocation, accommodation, travel vehicle and other allowances and other employment related benefits.

Key management personnel (other than the Chief Executive)

Base salary

Base salaries are reviewed annually, with reference to the underlying performance of ERA, Rio Tinto Group and the individual; global economic conditions, role responsibility, an assessment against relevant comparator groups and base salary budgets applying to the broader Rio Tinto employee population.

At the end of 2011 and 2012, the base salaries of the Company's key management personnel (other than the Chief Executive) were as follows:

BASE SALARY A'$000 (UNLESS OTHERWISE SPECIFIED)	2012[5]	2011	% CHANGE
Steeve Thibeault	312	300	4%
Tim Eckersley[1]	305	-	-
Greg Sinclair	290	273	6%
Alan Tietzel	341	324	5%
Dan Janney[2]	US238	US211	13%
Chris Tziolis[3]	262	246	7%
Peter Eaglen[4]	247	247	-

Note 1 Tim Eckersley's employment with ERA commenced on 10 September 2012.

Note 2 Dan Janney's employment with ERA ended on 22 August 2012.

Note 3 Chris Tziolis' employment with ERA ended on 5 October 2012.

Note 4 Peter Eaglen's employment with ERA ended on 31 January 2012.

Note 5 Where key management peronnel's employment with ERA ended during the year, the base salary reflects the amount at the date employment ceased.

As outlined above, having regard to the present economic conditions and the financial and operational performance of ERA, the Remuneration Committee has accepted management's recommendation that there be no increase in the base salary for the Company's key management personnel in 2013.

STIP objectives and outcomes

	SUMMARY OF INDIVIDUAL OBJECTIVES
Steeve Thibeault	• Development of ERA long term funding plan. • Implementation of initiatives identified in business review. • Enhance ERA's compliance framework and systems. • Identification of cost saving initiatives through ERA's Leaning on Costs programme.
Greg Sinclair	• Completion of Brine Concentrator pilot plant trials. • Commencement of closure prefeasibility study. • Identification of cost saving initiatives through ERA's Leaning on Costs programme. • Optimise extraction and plant throughput for processing of low grade ore.
Alan Tietzel	• Improve relationship with Traditional Owners. • Enhance engagement with ERA's stakeholders. • Identification of cost saving initiatives through ERA's Leaning on Costs programme.
Dan Janney	• Completion of four metre Tailings Storage Facility lift by 1 December 2011. • Identification of cost saving initiatives through ERA's Leaning on Costs programme. • Improve health and safety at Ranger Mine through implementation of various initiatives. • Attraction and retention of employees. • Reduction in waste hydrocarbon inventory at Ranger Mine.
Chris Tziolis	• Revise ERA's strategic plan to realise maximum value from the Ranger Project Area. • Conduct review of the business to ensure focused on most strategically important and value enhancing activities. • Establish governance framework for ERA's major projects.
Peter Eaglen	• Co-ordinate the preparation and submission of the Environmental Impact Statement for the Ranger Heap Leach Project. • Provide support for and assist with environmental approvals for various projects including the Tailings Storage Facility lift; Tailings Storage Facility Working Group and rehabilitation trials for Land Application Areas. • Identification of cost saving initiatives through ERA's Leaning on Costs programme. • Integration of EWL Sciences Pty Ltd personnel into ERA's Environmental Strategy team.

A summary of the individual targets and performance scores for each of the Company's key management personnel (other than the Chief Executive) is set out in the table below.

MEASURES	WEIGHT (%)	SCORE (OUT OF 200%)	WEIGHTED SCORE (%)
Steeve Thibeault			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	145.0	87.0
Total	**100.0**	**-**	**135.1**
Greg Sinclair			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	138.0	82.8
Total	**100.0**	**-**	**130.9**
Alan Tietzel			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	135.0	81.0
Total	**100.0**	**-**	**129.1**

Chris Tziolis			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	121.8	73.1
Total	**100.0**	**-**	**121.2**
Dan Janney			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	150.6	90.4
Total	**100.0**	**-**	**138.5**
Peter Eaglen			
Financial performance	12.0	100.0	12.0
Business performance	18.0	100.0	18.0
Health and Safety	10.0	181.1	18.1
Individual	60.0	132	79.2
Total	**100.0**	**-**	**127.3**

LTIP awards

Award levels are set so as to incentivise executives to provide sufficient retention for the executive team and to contribute to the competitiveness of the overall remuneration package. The value of the awards granted in 2012, based on the fair value calculations performed by independent advisors, was between 22.5 per cent and 30 per cent of base salary. The eventual value of the award will depend on performance during the period 2012 to 2015.

Executive directors and other key management personnel total remuneration

		SHORT TERM BENEFITS				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	
		CASH SALARY ($000)	CASH BONUS ($000)	OTHER[9] ($000)	TERMINATION PAYMENTS ($000)	SUPER-ANNUATION PENSION ($000)	CASH & EQUITY SETTLED ($000)	TOTAL ($000)
Executive directors								
R Atkinson[1]	**2012**	**396**	**189**	**84**	**-**	**92**	**245**	**1,006**
	2011	375	208	82	-	89	232	986
Other senior executives								
S Thibeault[2]	**2012**	**310**	**101**	**169**	**-**	**69**	**86**	**735**
	2011	239	75	124	-	50	80	568
T Eckersley[3]	**2012**	**92**	**-**	**61**	**-**	**17**	**-**	**170**
G Sinclair[4]	**2012**	**287**	**89**	**55**	**-**	**63**	**70**	**564**
	2011	272	74	107	-	57	68	578
A Tietzel[5]	**2012**	**338**	**126**	**119**	**-**	**36**	**111**	**730**
	2011	321	120	104	-	47	108	700
D Janney[6]	**2012**	**185**	**113**	**58**	**-**	**32**	**74**	**462**
	2011	256	91	71	-	39	114	571
C Tziolis[7]	**2012**	**196**	**76**	**63**	**583**	**19**	**72**	**1,009**
	2011	243	78	108	-	24	45	498
P Eaglen[8]	**2012**	**21**	**79**	**6**	**-**	**4**	**6**	**116**
	2011	246	71	74	-	68	41	500
Total 2012		**1,825**	**773**	**615**	**583**	**332**	**664**	**4,792**
Total 2011		1,952	717	670	-	374	688	4,401

Note 1 Maximum performance related cash bonus: 67% awarded in 2012, 33% forfeited. 65% awarded in 2011, 35% forfeited.

Note 2 Maximum performance related cash bonus: 68% awarded in 2012, 32% forfeited. 67% awarded in 2011, 33% forfeited

Note 3 Appointed as General Manager Operations on 10 September 2012. No cash bonus is disclosed for 2012 as payments made were in respect of services rendered to another Rio Tinto entity in 2011.

Note 4 Maximum performance related cash bonus: 65% awarded in 2012, 35% forfeited. 58% awarded in 2011, 42% forfeited.

Note 5 Maximum performance related cash bonus: 65% awarded in 2012, 35% forfeited. 65% awarded in 2011, 35% forfeited.

Note 6 Resigned as General Manager Operations on 22 August 2012. Maximum performance related cash bonus: 69% awarded in 2012, 31% forfeited. 60% awarded in 2011, 40% forfeited.

Note 7 As a result of a restructure of the company's executive committee, Mr Tziolis' role with the company was made redundant on 5 October 2012. The termination payment described above comprised a payment of six months salary in lieu of notice pursuant to the terms of his employment contract, and payments made in accordance with the company's redundancy policy which included a service payment, an ex gratia payment, pro rata payment for short term incentive plan bonus and pro rata vesting of long term incentive plan. Maximum performance related cash bonus: 62% awarded in 2012, 38% forfeited; 68% awarded in 2011, 32% forfeited.

Note 8 Resigned as General Manager Environmental Strategy on 31 January 2012. Maximum performance related cash bonus: 64% awarded in 2012, 36% forfeited. 62% awarded in 2011, 38% forfeited.

Note 9 Other benefits includes relocation, accommodation, travel, vehicle and other allowances and other employment related benefits.

The value of share based awards has been determined in accordance with the recognition and measurement requirements of IFRS2 “Share-based Payment”. The fair value of awards granted under the Rio Tinto Share Option Plan, the Rio Tinto Management Share Plan, the Rio Tinto Bonus Deferral Plan, the Rio Tinto Performance Share Plan and the Rio Tinto Share Savings Plan have been calculated at their dates of grant using valuation models provided by external consultants Lane Clark and Peacock LLP, including an independent lattice-based option valuation model and a Monte Carlo valuation model which takes into account the constraints on vesting and exercise attached to these awards. Any grants to non-executive Directors under long term incentive share plan schemes do not relate to remuneration for services provided to the Company.

E Executive service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. These agreements provide for participation in the Rio Tinto short and long term incentive plans upon achieving performance and service goals. The agreements may also provide for other benefits, including: medical insurance; vehicle and accommodation allowances; relocation allowances and expenses and travel allowances.

Key management personnel will also be entitled to a range of pre-existing redundancy entitlements, depending on the business and region from where they were originally employed within the Rio Tinto Group:

- Notice may be worked or fully or partly paid in lieu, at ERA's discretion;
- Additional capped service related payments may apply;
- Pro rata short term incentive plan payments may be paid based on the proportion of the performance period worked;
- Long term incentive plan benefits may be paid or vest to the extent provided by the relevant plan;
- Share options or conditional share awards held for less than 12 months at date of termination may be reduced pro-rata;
- There is no contractual entitlement to payments in the event of a change of control; and
- Other major provisions of the agreements relating to remuneration are set out below.

R Atkinson – Chief Executive

Term of agreement – Open, commenced 8 September 2008

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2012 of $399,094 per annum. Maximum short term incentive bonus upon meeting performance criteria is 100 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

S Thibeault – Chief Financial Officer

Term of agreement – 1 December 2012 – 31 March 2015

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2012 of $311,850 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

T Eckersley – General Manager Operations

Term of agreement – Open, commenced 10 September 2012

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2012 of $305,000 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

G Sinclair – General Manager Technical Projects

Term of agreement – Open, commenced 1 May 2007.

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2012 of $289,556 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is one months notice in writing or by the employer giving three months notice or equivalent payment in lieu of notice.

A Tietzel – Chief Advisor Agreements

Term of agreement – Open, commenced 1 October 2010

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2012 of $340,587 per annum. Maximum short term incentive bonus upon meeting performance criteria is 60 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

D Janney – General Manager Operations

Commenced 1 April 2009 and resigned 22 August 2012

Base salary (excluding superannuation, allowances and other benefits) as at 22 August 2012 of US$237,900 per annum. Maximum short term incentive bonus upon meeting performance criteria is 80 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is one months notice in writing or by the employer giving three months notice or equivalent payment in lieu of notice.

C Tziolis – Chief Development Officer

Commenced 1 October 2010 and ended 5 October 2012

Base salary (excluding superannuation, allowances and other benefits) as at 5 October 2012 of $261,852 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

P Eaglen – General Manager Environmental Strategy

Commenced 1 June 2010 and resigned 31 January 2012

Base salary (excluding superannuation, allowances and other benefits) as at 31 January 2012 of $247,250 per annum. Maximum short term incentive bonus upon meeting performance criteria is 50 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is three months notice in writing or by the employer giving six months notice or equivalent payment in lieu of notice.

F Share based compensation

Rio Tinto Share Option Plan

Details of the costs of the share based payment plans applied by the Company are provided at Note 32 of the Financial Statements.

Options under the SOP are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (PRE RIGHTS ISSUE)	EXERCISE PRICE (POST RIGHTS ISSUE)	VALUE PER OPTION AT GRANT DATE	VALUE PER OPTION POST RIGHTS ISSUE	EARLIEST EXERCISE DATE
RIO TINTO LIMITED		$	$	$	$	
13/03/2002	13/03/2012	39.87	23.76	13.71	13.71	13/03/2005
7/03/2003	7/03/2013	33.33	17.23	6.68	6.68	7/03/2006
22/04/2004	22/04/2014	34.41	18.30	6.17	6.18	22/04/2007
9/03/2005	9/03/2015	47.04	30.93	8.93	8.93	9/03/2008
7/03/2006	7/03/2016	71.06	54.95	17.09	17.09	7/03/2009
13/03/2007	13/03/2017	74.59	58.48	14.23	14.23	13/03/2010
10/03/2008	10/03/2018	134.18	118.07	44.04	44.04	10/03/2011
17/03/2009	17/03/2019	49.56	33.45	13.36	13.36	17/03/2012
RIO TINTO PLC		£	£	£	£	
13/03/2002	13/03/2012	14.59	12.05	4.99	4.12	13/03/2005
7/03/2003	7/03/2013	12.63	10.43	2.97	2.46	7/03/2006
22/04/2004	22/04/2014	13.29	10.98	2.81	2.33	22/04/2007
9/03/2005	9/03/2015	18.26	15.09	4.09	3.38	9/03/2008
7/03/2006	7/03/2016	27.11	22.40	7.40	6.11	7/03/2009
13/03/2007	13/03/2017	27.01	22.32	6.17	5.10	13/03/2010
10/03/2008	10/03/2018	57.23	47.28	20.63	17.04	10/03/2011
17/03/2009	17/03/2019	20.01	16.53	6.62	8.29	17/03/2012

Rio Tinto Performance Share Plan

Share awards under the Rio Tinto Performance Share Plan are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS	MARKET PRICE AT 31 DECEMBER 2012
RIO TINTO LIMITED			
13 March 2007	**$74.50**	**31 December 2010**	**$66.01**
22 March 2010	**$75.03**	**31 December 2013**	**$66.01**
21 March 2011	**$81.00**	**31 December 2014**	**$66.01**
19 March 2012	**$65.85**	**31 December 2015**	**$66.01**
RIO TINTO PLC			
13 March 2007	**£26.81**	**31 December 2010**	**£35.12**
22 March 2010	**£37.30**	**31 December 2013**	**£35.12**
21 March 2011	**£40.58**	**31 December 2014**	**£35.12**
19 March 2012	**£36.14**	**31 December 2015**	**£35.12**

*Note * Vesting dependent upon continued employment with a Rio Tinto Group company.*

No conditional awards of either Rio Tinto plc or Rio Tinto Limited shares were made as remuneration for key management personnel of the consolidated entity under the PSP in 2008 and 2009, although adjustments were made to PSP balances following the Rio Tinto rights issue. The Rio Tinto Remuneration Committee reviewed the performance condition applicable to the conditional award and confirmed that vesting will be dependent on Rio Tinto's TSR relative to the designated comparator mining companies.

Rio Tinto Management Share Plan

Share awards under the Rio Tinto Management Share Plan are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each right to Rio Tinto Limited or Rio Tinto plc shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	PERFORMANCE PERIOD ENDS	PRICE AT 31 DECEMBER 2012
RIO TINTO LIMITED			
17 March 2009	**$47.60**	**31 December 2011**	**$66.01**
22 March 2010	**$75.03**	**31 December 2012**	**$66.01**
21 March 2011	**$81.00**	**31 December 2013**	**$66.01**
19 March 2012	**$65.85**	**31 December 2014**	**$66.01**
RIO TINTO PLC			
17 March 2009	**£19.82**	**31 December 2011**	**£35.12**
22 March 2010	**£37.30**	**31 December 2012**	**£35.12**
21 March 2011	**£40.58**	**31 December 2013**	**£35.12**
19 March 2012	**£36.14**	**31 December 2014**	**£35.12**

*Note * Vesting dependent upon continued employment with a Rio Tinto Group company.*

Rio Tinto Bonus Deferral Plan and Company Contributed Award

Share awards under the Rio Tinto Bonus Deferral Plan and Rio Tinto Company Contributed Award are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines. The terms and conditions of each right to Rio Tinto Limited shares affecting remuneration in this or future reporting periods are as follows:

AWARD DATE	MARKET PRICE AT AWARD	VESTING DATE*	PRICE AT 31 DECEMBER 2012
RIO TINTO LIMITED BONUS DEFERRAL PLAN			
17 March 2009	$52.01	50% 31 December 2010	-
		50% 31 December 2011	-
21 March 2011	$81.00	100% 1 December 2013	$66.01
19 March 2012	$65.85	100% 1 December 2014	$66.01
RIO TINTO LIMITED COMPANY CONTRIBUTED AWARD			
17 March 2009	$52.01	50% 31 December 2010	-
		50% 31 December 2011	-

*Note * Vesting dependent upon continued employment with a Rio Tinto Group company.*

Share based compensation – Rio Tinto employee share schemes

The Directors and key management personnel of the Company who elected to participate in the Rio Tinto employee share schemes as at 31 December 2012 are set out below:

P Taylor	2009 Rio Tinto Limited scheme commencing 1 January 2010
R Atkinson	2011 Rio Tinto Limited scheme commencing 1 January 2012
T Eckersley	2010 Rio Tinto Limited scheme commencing 1 January 2011
A Tietzel	2008 Rio Tinto Limited scheme commencing 1 January 2009
D Janney	2009 Rio Tinto plc scheme commencing 15 December 2009
	2010 Rio Tinto plc scheme commencing 1 January 2010
	2011 Rio Tinto plc scheme commencing 1 December 2011

Equity instrument disclosures relating to Directors and key management personnel

Options provided as remuneration

Details of options over ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to the key management personnel of the consolidated entity in respect of their service to ERA are set out below. When exercisable, each option is convertible into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

						BALANCE AT END OF THE YEAR[2]	
		BALANCE AT START OF THE YEAR OR ON JOINING[3]	GRANTED AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES[2]	VESTED & EXERCISABLE	UNVESTED
RIO TINTO PLC							
Key management personnel							
S Thibeault	**2012**	**1,186**	**-**	**-**	**-**	**1,186**	**-**
	2011	1,186	-	-	-	-	1,186
D Janney	**2012**	**2,033**	**-**	**-**	**-**	**2,033**	**-**
	2011	2,033	-	-	-	-	2,033
RIO TINTO LIMITED							
Executive directors							
R Atkinson	**2012**	**2,168**	**-**	**-**	**-**	**2,168**	**-**
	2011	3,950	-	(1,782)	-	-	2,168
Key management personnel							
G Sinclair	**2012**	**760**	**-**	**760**	**-**	**-**	**-**
	2011	1,998	-	(1,238)	-	-	760
A Tietzel	**2012**	**4,495**	**-**	**-**	**-**	**4,495**	**-**
	2011	4,495	-	-	-	3,275	1,220
C Tziolis	**2012**	**396**	**-**	**-**	**-**	**396**	**-**
	2011	396	-	-	-	-	396
Non-executive directors[1]							
P Taylor	**2012**	**15,407**	**-**	**(2,420)**	**-**	**12,987**	**-**
	2011	18,209	-	(2,802)	-	12,978	2,429
M Coulter	**2012**	**11,268**		**(2,259)**		**9,009**	**-**
	2011	13,792	-	(2,524)	-	9,473	1,795

Note 1 Changes to balances for non-executive Directors do not relate to remuneration for services provided to the Company.

Note 2 Other changes and end of year balance include changes made in relation to awards for service within the wider Rio Tinto Group, including before joining or after ceasing with ERA, and forfeited options where conditions were not met. Where a KMP left prior to the end of the year, the balance reflects the holding at the time of resignation.

Note 3 Where a KMP joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.

Details of remuneration: Share options

For each grant of options included in the table on page 64, the percentage of the available grant that was paid, or that vested, in 2012, and the percentage that was forfeited because the service and performance criteria were not met, is set out below. The options vest after three years, provided the vesting conditions are met (see page 51). No options will vest if the conditions are not satisfied hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

	OPTIONS				
	VESTING DATE	VESTED %	FORFEITED %	FUTURE VESTING TITLE	MAXIMUM TOTAL VALUE OF UNVESTED GRANT $
RIO TINTO PLC					
S Thibeault	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
D Janney	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
RIO TINTO LIMITED					
R Atkinson	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
G Sinclair	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
A Tietzel	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
C Tziolis	**2012**	**100%**	**-**	**N/A**	**-**
	2011	-	-	N/A	-
P Eaglen	2011	-	-	N/A	-

Conditional awards provided as remuneration

Performance Share Plan; Management Share Plan; Bonus Deferral Plan; Companies Contributed Award

No conditional awards of ordinary shares of either ERA or of Rio Tinto Limited or Rio Tinto plc were provided during the year as remuneration for services provided to ERA to any of the non-executive Directors of the parent entity.

Details of conditional awards of ordinary shares in Rio Tinto Limited and Rio Tinto plc held during the year and provided as remuneration to each of the key management personnel of ERA in respect of their duties as officers of the company are set out below. When exercisable, each award converts into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

		BALANCE AT START OF THE YEAR OR ON JOINING[2]	GRANTED AS REMUN-ERATION	CRYSTALLISATION OF PRIOR AWARD		AWARDS CAN-CELLED	OTHER CHANGES[3]	BALANCE AT END OF THE YEAR[3]
				VESTED	LAPSED			
RIO TINTO PLC								
Key management personnel								
S Thibeault	**2012**	**5,440**	**79**	**(1,996)**	**-**	**-**	**-**	**3,523**
	2011	4,740	1,486	(786)	-	-	-	5,440
D Janney	**2012**	**7,890**	**2,153**	**(2,983)**	**-**	**-**	**-**	**7,060**
	2011	7,829	2,047	(1,316)	(670)	-	-	7,890
RIO TINTO LIMITED								
Executive directors								
R Atkinson	**2012**	**11,708**	**5,001**	**(2,828)**	**-**	**-**	**-**	**13,881**
	2011	12,016	3,493	(3,087)	(714)	-	-	11,708
Key management personnel								
S Thibeault	**2012**	**-**	**1,339**	**-**	**-**	**-**	**-**	**1,339**
	2011	-	-	-	-	-	-	-
T Eckersley	**2012**	**3,176**	**-**	**-**	**-**	**-**	**-**	**3,176**
	2011	-	-	-	-	-	-	-
G Sinclair	**2012**	**3,259**	**1,030**	**(989)**	**-**	**-**	**-**	**3,300**
	2011	3,794	987	(1,040)	(482)	-	-	3,259
A Tietzel	**2012**	**5,214**	**1,619**	**(1,591)**	**-**	**-**	**-**	**5,242**
	2011	6,115	1,565	(1,685)	(781)	-	-	5,214
C Tziolis	**2012**	**2,270**	**960**	**(516)**	**(834)**	**-**	**-**	**1,880**
	2011	1,587	884	(201)	-	-	-	2,270
P Eaglen	**2012**	**1,869**	**-**	**-**	**-**	**-**	**-**	**1,869**
	2011	986	883	-	-	-	-	1,869
Non-executive directors[1]								
P Taylor	**2012**	**9,802**	**-**	**(2,617)**	**-**	**-**	**3,882**	**11,067**
	2011	12,268	-	(4,474)	(1,281)	-	3,289	9,802
H Newell	**2012**	**6,296**	**-**	**-**	**-**	**-**	**-**	**6,296**
M Coulter	**2012**	**13,235**	**-**	**(1,601)**	**-**	**-**	**4,674**	**16,308**
	2011	9,250	-	(1,686)	(778)	-	6,449	13,235

Note 1 Changes to balances for non-executive Directors do not relate to remuneration for services provided to ERA.

Note 2 Where a KMP joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.

Note 3 Other changes and end of year balance include changes made in relation to awards for service within the wider Rio Tinto Group, including before joining or after ceasing with ERA, and Rio Tinto Rights Issue adjustments to accrued balances. When a KMP left prior to the end of the year, the balance reflects holdings at the date of resignation.

Shareholdings

The number of shares held in Energy Resources of Australia Ltd or Rio Tinto Limited during the financial year by each Director of Energy Resources of Australia Ltd are set out below.

		BALANCE AT START OF THE YEAR[1]	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR[2]
ENERGY RESOURCES OF AUSTRALIA LTD					
H Newell	**2012**	**161**	**-**	**-**	**161**
RIO TINTO LIMITED					
D Klingner	**2012**	**29,787**	**-**	**-**	**29,787**
	2011	36,787	-	(7,000)	29,787
P Taylor	**2012**	**18,491**	**5,037**	**-**	**23,528**
	2011	11,773	2,802	3,916	18,491
J Pegler	**2012**	**6,331**	**-**	**-**	**6,331**
	2011	6,331	-	-	6,331
R Atkinson	**2012**	**888**	**2,828**	**(2,828)**	**888**
	2011	888	2,201	(2,201)	888
P McMahon	**2012**	**18,405**	**-**	**-**	**18,405**
H Newell	**2012**	**-**	**-**	**-**	**-**
M Coulter	**2012**	**908**	**3,860**	**(2,458)**	**2,310**
	2011	908	2,524	(2,524)	908

Note 1 Where a Director was appointed during the year, balance reflects holdings at the time of commencement with ERA.

Note 2 Where a Director resigned during the year, balance reflects holdings at time of resignation as a Director of ERA.

G Additional information

Further details relating to options

	VALUE OF OPTIONS EXERCISED DURING 2012	MARKET PRICE AT DATE OF EXERCISE
Value of options exercised during the year		
G Sinclair	**15,840**	**54.29**

Loans and other transactions with Directors and other key management personnel

There are no loans with Directors and other key management personnel. Other transactions with Director related entities are disclosed in Note 24 – related parties.

Principal activities

The principal activities of the consolidated entity during the course of the year consisted of the mining, processing and sale of uranium.

Dividends

No dividends have been paid by ERA to members in respect of the 2012 financial year.

Review and results of operations

Details of ERA's review and results of operations are included in the "Chairman and Chief Executive's Report" on page 8 and the "Financial performance" and "Operations" sections at pages 10 and 12, respectively.

Significant changes to the 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 year ended 31 December 2012.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the year 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 year ended 31 December 2012.

Likely developments

In the opinion of the Directors, any other likely developments in the operations of the consolidated entity known at the date of this report have been covered within the Annual Report and Notes to the Consolidated Financial Statements.

A general review of developments for ERA is presented in the "Chairman and Chief Executive's Report", "Major projects" and "Directors' Outlook" sections.

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.

Annual General Meeting

The 2013 Annual General Meeting will be held on 10 April 2013 in Darwin, in the Northern Territory of Australia. Notices of the 2013 Annual General Meeting are set out in separate letters to the shareholders of the Company.

Indemnification

Clause 11 of the Company's constitution provides that every Director, manager, officer or employee 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 of the Company's constitution.

The indemnity also applies to executive officers of the Company (being the Chief Financial Officer and General Managers and other key management personnel and managers who are concerned with, or take part in the management of the Company) as well as other employees.

Insurance

Since the end of the previous financial year, the Company has paid insurance premiums in respect of a Directors' and officers' liability policy of insurance.

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 of the liabilities covered or the amount of the premium paid in respect of Directors' and officers' liability insurance as such disclosure is prohibited under the terms of the contract.

Environmental regulation and policy

ERA strives to be at the forefront of environmental management in the uranium industry. It operates in accordance with relevant Commonwealth and Northern Territory environmental legislation as well as site specific environmental licences, permits and statutory authorisations. ERA's environmental management system is ISO14001 compliant.

ERA is required to report any incident that is a divergence from strict compliance with statutory requirements, even if the incident has no detrimental environmental impact, and reports are made to the Minister for Mines and Energy (Northern Territory); the Supervising Scientist Division of the Commonwealth Department of Sustainability, Environment, Water, Population and Communities; the Northern Land Council; the Commonwealth Department of Resources, Energy and

Tourism and the Gundjeihmi Aboriginal Corporation (representatives of the Mirarr Traditional Owners).

The Supervising Scientist confirmed in his most recent report, relating to the operating year to 30 June 2012, that there were no reported incidents that resulted in any environmental impact off the immediate mine site, and that the environment remained protected through the period.

There were no prosecutions commenced or fines incurred in respect of ERA's environmental performance during 2012.

Further details of ERA's environmental performance are included in the "Environment" section of the Annual Report on page 32.

Corporate governance

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance. The corporate governance structures and practices in place at ERA are substantially in compliance with the Corporate Governance Principles and Recommendations – Second Edition ("Principles") developed by the Australian Securities Exchange ("ASX") Corporate Governance Council ("Council").

Areas where the corporate governance practices of ERA do not follow the Council's recommendations arise due to Rio Tinto's 68.4 per cent ownership of the Company and the management direction, services and support this provides. The extent to which the Company does not comply is detailed in the Corporate Governance Statement at page 71.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 and in accordance with that Class Order amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Auditors

PricewaterhouseCoopers are the auditors of the consolidated entity.

No person who was an officer of the consolidated entity during the year was a former partner or director of the auditors. Each of the Directors at the time this report was approved has confirmed that:

- so far as he or she is aware, there is no relevant audit information (ie information needed by the auditors in connection with preparing their report) of which the auditors are unaware; and
- he or she has taken all steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Non audit services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amount paid or payable to the auditors for audit services are set out below. During 2011 PricewaterhouseCoopers was engaged to perform services in relation to the accelerated renounceable entitlement offer conducted by ERA that year.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. All non-audit services are reviewed by the Audit and Risk Committee to ensure they do not impact on the impartiality and objectivity of the auditors and do not undermine the general principles relating to auditors' independence as set out in Professional Statement F1, including reviewing or auditing the auditors' own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards. Accordingly, the Directors have satisfied themselves that the provision of non-audit services by the auditors does not compromise the auditor independence requirements of the *Corporations Act 2001*.

During the year, the following fees were paid or payable for services provided by the auditors of the Company, its related practices and non-audit related firms.

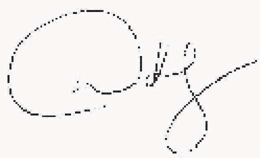
	2012 $000	**2011 $000**
AUDIT SERVICES		
PricewaterhouseCoopers		
Audit and review of financial reports	**361**	350
Total Remuneration for audit services	**361**	350
Non-audit services	**-**	285
Total Remuneration	**361**	635

Information on Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 70.

Signed at Melbourne this 8 February 2013 in accordance with a resolution of the Directors.



Dr D Klingner

Director
Melbourne

8 February 2013

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Energy Resources of Australia Ltd for the year ended 31 December 2012, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
8 February 2013

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T +61 3 8603 1000, F +61 3 8613 5555, www.pwc.com

Corporate Governance Statement

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance and to maximise the overall long term return to shareholders. The Board seeks to ensure that ERA meets the objectives of its shareholders, while paying proper regard to the interests of employees and external stakeholders.

The corporate governance structures and practices in place at ERA are substantially in compliance with the 2nd Edition of the Corporate Governance Principles and Recommendations with 2010 Amendments (Principles) developed by the Australian Securities Exchange (ASX) Corporate Governance Council (Council).

The Board has considered the Council's Principles, and ERA did not comply with the following recommendations for the whole of the reporting period:

- Recommendation 2.1 – there was not a majority of independent Directors; and
- Recommendation 2.4 – there was no established nominations committee.

Areas where the corporate governance practices in place at ERA do not follow the recommendations set out in the Council's Principles arise due to Rio Tinto's ownership of 68.4 per cent of the shares of the Company and the management direction, services and support provided by Rio Tinto. As explained further below, the Board considers that in each case this is appropriate.

The Corporate Governance section of the Company's website (*www.energyres.com.au*) sets out the further information required by the Council's Principles.

The Board

Responsibilities and charter

In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the ERA's shareholders and employees and the community.

The Board Charter underpins the strategic guidance and effective management oversight provided by the Board, and defines the division of responsibility between Board and management by formal delegation and a system of Board reserve powers.

The Board approves strategy and business plans and monitors the performance of ERA against these plans. The Board also monitors compliance with policies prescribed by the Board in areas such as health and safety, environment, business ethics, internal control and risk management. These policies are designed to ensure that ERA meets or exceeds the regulatory requirements governing its operations.

In addition to the matters expressly required by law to be approved by the Board, the powers specifically reserved for the Board are as follows:

(a) confirming the appointment and removal of a Chief Executive proposed by Rio Tinto and the terms and conditions of the Chief Executive's employment;

(b) appointment and removal of a Company Secretary;

(c) appointment of the Chair of the Board and members of Board Committees;

(d) any matters set out in the Schedule of Matters Reserved for Decision or Consideration by the Board; and

(e) approval, subject to the Constitution, the Corporations Act and the ASX Listing Rules, of each of the following:

  (i) the issue of new shares or other securities in the company;

  (ii) incurring of debt (other than trade creditors incurred in the normal course of business)

  (iii) capital expenditure in excess of $5,000,000;

  (v) the acquisition, divestment or establishment of any significant business assets;

  (vi) changes to the discretions delegated from the Board;

  (vii) the annual operating budgets and plan;

  (viii) changes to the capital and operating approval limits of senior management; and

  (ix) the annual report and interim and preliminary final reports.

Composition

From 1 January 2012 to 20 November 2012, the Board of ERA consisted of six Directors, five of whom are non-executive. During 2012, Dr Klingner was the Chairman and an independent, non-executive Director. Dr Garnett and Mr Pegler are independent non-executive Directors. Mr Taylor and Mr Coulter, who are current executives of Rio Tinto, also served as non-executive Directors. Mr Atkinson is an executive Director and holds the position of Chief Executive.

On 20 November 2012, the number of Directors increased to seven with the appointments of Mr McMahon and Mrs Newell and the resignation of Mr Coulter. Mr McMahon is an independent non-executive Director. Mrs Newell is a current executive of Rio Tinto and serves as a non-executive Director.

The Board strives to achieve a diversity of skills, experience and perspective among its directors. Details of the Directors, their experience, qualifications and other appointments are set out on pages 44 to 45. Details of the independent status of Directors is outlined in the Independence section below.

Qualification for Board membership is driven by the principle that the Board's composition should reflect the right balance of skills, knowledge and diversity that the Board considers will best serve the interests of ERA and all of its shareholders. Decisions relating to appointment of Directors are made by the full Board. Directors appointed by the Board are required by ERA's Constitution to submit themselves for election by shareholders at the Annual General Meeting following their appointment. There is no share ownership qualification for appointment as a Director.

The Board has not established a nominations committee. The Board recognises that this does not follow Recommendation 2.4 of the Council's Principles. The Board considers that its existing practices in reviewing director competencies, Board succession planning, Board performance evaluation and director selection and nomination carried out in accordance with the Board Charter, are satisfactory and appropriate given the size of the Board and ERA's current ownership structure.

Non-executive Directors are required to retire at least every three years in accordance with ERA's Constitution, but may offer themselves for re-election.

Independence

For the purposes of determining Director independence, the Board considers any material business relationship which could interfere, or be perceived to interfere, with the Director's independence of judgement, ability to provide a strong, valuable contribution to the Board's deliberations and the Director's ability to act in the best interest of ERA and all shareholders. Where contracts in the ordinary course of business exist between ERA and a company in which a Director has declared an interest, these are reviewed for materiality to both ERA and the other party to the contract.

The following may be taken into account in considering such material business relationships:

- whether, within the last three years, the Director or a close family member has been a member of executive management of ERA, employed in a senior position with a member of the Rio Tinto Group or has received additional remuneration from the company or a member of the Rio Tinto Group;
- whether the Director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the company or in a member of the Rio Tinto Group;
- the Director's cross directorships of or significant links with or involvement in other companies;
- the Director's length of service on the Board; and
- whether, within the last three years, the Director or a close family member has had, either directly or indirectly and whether as principal, employee or consultant, a material business relationship with ERA or with a member of the Rio Tinto Group, whether as an auditor, professional adviser, supplier, or customer ("material" being more than five per cent of ERA's or the counterparty's consolidated gross revenue per annum).

Dr Garnett and Mr Pegler are independent non-executive Directors.

Dr Klingner was nominated to the Board by Rio Tinto in 2004. Dr Klingner was previously an executive of Rio Tinto, however, a significant period of time (over seven years) has elapsed since Dr Klingner ceased employment with Rio Tinto. The Board is satisfied that Dr Klingner has no continuing relationship with Rio Tinto that would interfere with his independent exercise of judgement and that he is an independent director.

Mr McMahon was nominated to the Board by Rio Tinto in November 2012. Mr McMahon was also previously an executive of Rio Tinto, however, a sufficient period of time (three years) has elapsed since he ceased employment with Rio Tinto. The Board is satisfied that Mr McMahon has no continuing relationship with Rio Tinto that would interfere with his independent exercise of judgement and that he is an independent director.

For the period 1 January to 20 November 2012, the Board of Directors did not consist of a majority of independent Directors. This does not follow Recommendation 2.1 of the Council's Principles. The Board considered it was appropriate that the composition of the Board recognised Rio Tinto's 68.4 per cent shareholding.

All Directors are required to, and do, bring an independent judgment to bear on Board decisions and act in accordance with their statutory duties of good faith and for a proper purpose, and in the interests of all shareholders.

All related party transactions, including those with Rio Tinto, have been determined by the independent Directors to be in the interests of ERA.

Chairman and Chief Executive

The Chairman, Dr Klingner, is an independent non-executive Director. Dr Klingner's other appointments are set out on page 44. The Board considers that none of his other commitments interfere with the discharge of his duties to ERA.

The Chief Executive is Mr R Atkinson, who is also a Director. This is consistent with Recommendation 2.3 of the Council's Principles that the Chief Executive and Chairman be different people.

Board meetings

The Board held six scheduled meetings during 2012. In addition, there were six meetings held in 2012 of subcommittees established by the Board. The Board meeting attendance details for Directors in 2012 are set out on page 48.

Performance self assessment

In 2011, the Board performed an evaluation of itself that:

(a) considered the performance of the Directors and the Board and the adequacy of the Board's structures and processes, including the Board Charter;

(b) set out goals and objectives of the Board for the upcoming year; and

(c) considered whether any improvements or changes to the Board structures and processes, including the Board Charter and Audit and Risk Committee Charter, were necessary or desirable.

The process of evaluation and self assessment took the form of a questionnaire completed by each of the Directors. Following collation by an external consultant, the results and the adequacy and appropriateness of the self assessment process were compiled. A report outlining the results was circulated to all Directors and discussed at the next Board meeting, where actions arising were agreed.

The Board agreed that the next performance self assessment will be conducted in late 2013.

Independent professional advice

The Board has adopted a procedure for Directors wishing to seek independent professional advice, at the company's expense, in the furtherance of their duties. 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, and any Director may do so by arrangement with the Company Secretary.

Remuneration

ERA's Constitution provides that the aggregate remuneration paid to non-executive Directors of ERA in any one year will not exceed $800,000 or such other amount as may be approved by shareholders from time to time. At the 2012 Annual General Meeting, shareholders approved the 2011 Remuneration Report with 92.14% of shareholders who cast a vote, voting in favour.

In 2012, the Board established a Remuneration Committee. At 31 December 2012, the Remuneration Committee comprised four non-executive independent Directors, being Mr Pegler (Chair), Dr Klingner, Dr Garnett and Mr McMahon. A majority of members constitutes a quorum for a meeting. The Chief Executive may be invited to attend Remuneration Committee meetings. Other executives may also be invited to discuss or report on particular agenda items. A standing invitation was issued to all non-executive Directors to attend meetings of the Remuneration Committee.

The Remuneration Committee Charter sets out the role and objectives of the Remuneration Committee. A summary of the objectives of the Remuneration Committee is set out on page 49. The complete Remuneration Committee Charter is available at the Corporate Governance section of ERA's website.

Audit and Risk committee

The Audit and Risk Committee is appointed by the Board and at 31 December 2012 comprised four non-executive independent Directors. Two Directors constitute a quorum. The present members of the Audit and Risk Committee are Dr Garnett (Chair), Dr Klingner, Mr Pegler and Mr McMahon. The Company's Chief Financial Officer, Chief Executive, Legal Counsel and Company Secretary, the external auditor and the internal auditors are invited to attend all meetings.

The Audit and Risk Committee Charter sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee Charter is available at the Corporate Governance section of ERA's website.

The Committee provides a formal structure for reviewing ERA's financial statements, accounting policies, control systems, risk management practices and taxation issues, and for liaison with the external and internal auditors. The Committee also reviews the adequacy of internal and external audit arrangements.

The Committee advises the Board of any matters that might have a significant impact on the financial condition of ERA and has the authority to investigate any matters within its terms of reference, having full access to the information and resources of ERA to fulfil its function. Related party transactions are considered by the Audit and Risk Committee. The Committee reviews compliance with the *Corporations Act 2001*, and the requirements of the ASX and other regulatory requirements.

The Audit and Risk Committee held three scheduled meetings during 2012. Attendance details of the 2012 meetings of the Audit and Risk Committee, and the qualifications and experience of the members, are set out in the Directors' Report on pages 48 and 44 respectively.

Each year the external auditor submits a schedule of audit services and fee estimate to the Audit and Risk Committee for consideration and approval. PricewaterhouseCoopers have been ERA's external auditor for a number of years. Each year, the Audit and Risk Committee reviews the effectiveness of the external audit process and the independence of the auditor. Based on its 2012 review, the Audit and Risk Committee was satisfied with the external audit process and that the external auditor remained independent. Any work to be conducted by the external auditor other than the audit is approved by the Audit and Risk Committee.

Details of the fees paid to PricewaterhouseCoopers during 2012 are outlined on page 69.

Diversity

ERA acknowledges the benefits that flow from advancing Board and employee diversity, in particular gender and indigenous diversity. These benefits include identification and rectification of gaps in the skills and experience of directors and employees, enhanced employee retention, greater innovation and maximisation of available talent to achieve corporate goals and increased financial performance.

Diversity in the context of the company primarily refers to groups which are under represented in its workforce. ERA has a particular focus on the representation of women and Indigenous people in its workforce.

ERA's policy on diversity can be found on the company's website at *www.energyres.com.au*.

In accordance with the company's diversity policy, ERA has set measurable objectives to achieve diversity. The objectives and the company's progress in achieving each objective is set out below:

OBJECTIVE	OUTCOME
Women to represent 20 percent of the management (being Manager level and above) and the Board by 2015.	Female participation at manager and general manager level at 31 December 2012 is 12%. Women comprise 29% of Directors as at 31 December 2012.
Commence a targeted coaching programme with the aim to support and develop at least two new Indigenous Supervisors or Superintendents by 30 June 2012.	ERA has appointed two new Indigenous Supervisors and one new Indigenous Superintendent.
Build a successful Indigenous employee mentoring programme.	In 2012, six qualified mentors have been appointed by ERA.
Target of 33% Indigenous people and 25% female participation in new apprenticeships by 2014.	In 2012, ERA had 18 full time apprentices, five of whom are Indigenous (28 percent). In addition, ERA had four school based apprentices, one of whom is female (25 percent).
Maintain the level of Indigenous employment as at 31 December 2011 (17%) and to target a rate of 20% by the end of 2012.	ERA ended 2012 with an Indigenous employment rate of 17 percent. The Indigenous employment rate peaked in March 2012 at 18 percent.

As at 31 December 2012, the proportion of women employed by ERA was as follows:

Board of directors	29%
Executive committee and managers	12%
Company	20%

Code of business conduct

ERA has a Code of Business Conduct to be met by all employees and Directors. All employees are required to 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 the Company engages in business.

The Code of Business Conduct is reviewed to ensure it adequately addresses the issues facing the Company and is available for inspection on the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition to the Company's Code of Business Conduct, the Company's employees are required to comply with Rio Tinto's statement of business practice The Way We Work, available at Rio Tinto's website at *www.riotinto.com*.

The Company has a confidential whistleblower programme known as 'Speak-OUT'. Employees are encouraged to report any suspicion of unethical or illegal practices.

Purchase and sale of Company securities

ERA has in place a formal policy that reinforces to all Directors, officers and employees the prohibitions against insider trading. The Share Trading Policy is available for inspection at the Corporate Governance section of the Company's website at *www.energyres.com.au*.

In addition, the *Rules for dealing in securities of Rio Tinto*, its subsidiary and associated companies ("Rules for dealing") apply to the participation of ERA executives in the Rio Tinto long term incentive plans involving the awarding of Rio Tinto securities at a future date. Any such grants of shares and options under the Rio Tinto plans are subject to and conditional upon compliance with the terms of the Rules for dealing, including an express prohibition on hedging or limiting of exposure to economic risk in relation to such securities.

Under the ERA Share Trading Policy:

- Directors and senior managers must advise the Chairman in writing, and receive approval in writing from the Chairman, if they intend to purchase or sell securities in the company. In regard to his own dealings, the Chairman is required to notify the Chairperson of the Audit and Risk Committee.
- No dealings in securities of the company may take place for the period from the end of any relevant financial period to the trading day following announcement of ERA's annual results or half year results.

Particulars of the interests held by Directors are outlined on page 48.

Risk identification and management

ERA has in place a range of policies and procedures to manage the risks associated with its operating activities. These policies and procedures have been adopted by the Board, with primary oversight by the Audit and Risk Committee, to ensure that potential business risks are identified and appropriate action taken.

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 including an internal audit programme delivered by the company's internal auditors and a detailed internal control questionnaire process covering all of ERA's material business risks.

ERA benefits from the Rio Tinto Group's knowledge, policies and practices on risk management and corporate assurance, developed to manage Rio Tinto's diverse business activities covering a variety of commodities and operational locations. Together, these make up a comprehensive framework and approach to risk analysis and risk management.

The Board has in place a number of systems to identify and manage business risks.

These include:

- the identification and review of all of the business risks known to be facing the company;
- the provision of reports and information by management to the Board, on a periodic basis, confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks;
- guidelines for ensuring that capital expenditure and revenue commitments exceeding certain approved limits are placed before the Board for approval;
- limits and controls for all financial exposures, including the use of derivatives;
- a regulatory compliance programme; and
- safety, health and environmental policies which are supported by a set of standards and management systems which recognise the company's commitment to achieving high standards of performance in all its activities in these areas.

In 2012, the Board undertook an assessment of the strategic risks to the Company's business and the mitigation strategies to be implemented by management. The strategic risks identified through this assessment were management of water; cashflow over the period 2013 to 2015; exploration and the potential development of the Ranger 3 Deeps resource; stakeholder support of the Company's strategic initiatives and rehabilitation of the Ranger Project Area.

These strategic risks are in addition to risks inherent to the mining industry generally which include economic conditions (fluctuations in commodity pricing and exchange rates); international regulation of greenhouse gas emmisions and impact of climatic conditions.

The Chief Executive and Chief Financial Officer give statements, in writing, to the Board regarding the financial reporting and operational results being founded on a sound system of internal compliance and control and the financial statements giving a true and fair view of the Company's position and of the results of the Company's operations. This statement relies on ERA's sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and confirms that ERA's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Each year, the leaders of ERA's operational and administrative functions complete an internal control questionnaire that seeks to confirm that adequate internal controls are in place, are operating effectively and are designed to capture and evaluate failings and weaknesses, if any exist, and take prompt action if appropriate. The results of this process are reviewed by ERA's senior leadership, and then presented to the Audit and Risk Committee and the Board as a further review of ERA's internal controls. The Chief Executive then certifies that ERA has maintained an effective system of internal compliance and control.

Public statements and disclosure matters

ERA makes full and immediate disclosures to its shareholders and the market as required by, and in accordance with, its legal and regulatory obligations. Established systems are in place to ensure compliance and matters that may have a material impact on the price or value of ERA's securities are reported to the market in accordance with the ASX Listing Rules and the *Corporations Act 2001*. ERA's Continuous Disclosure Policy is available on the Company's website at *www.energyres.com.au*.

Shareholder communication

ERA recognises the importance of effective communication with shareholders and the general investment community. Apart from ERA's compliance with its mandatory continuous disclosure obligations, ERA takes steps to ensure that its shareholders and other stakeholders are kept informed.

Full advantage is taken of the annual general meeting to inform shareholders of current developments and to give shareholders the opportunity to ask questions. As recommended by the Council's Principles, PricewaterhouseCoopers, ERA's external auditor, attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. ERA shareholders are also able to submit written questions regarding the statutory audit report to the auditor via the company. Any questions received and answers provided will be made available to members at ERA Annual General Meetings. Shareholders who are unable to attend meetings are encouraged to appoint a proxy to vote either as they direct or at their discretion.

ERA believes that investor seminars, presentations and briefings on financial and operational issues, including social and environmental performance, are valuable ways of communicating with relevant professionals, employees and other interested persons. The Chief Executive and Chief Financial Officer conduct regular meetings with the company's major investors and analysts, and the company organises investor briefings to coincide with the release of half year and full year financial results. Recordings of investor briefings for full and half year results are available on the Presentations section of ERA's website.

ERA gives equal access to information disclosed in investor seminars, presentations and briefings. If any such event is used to disclose new material, it will, in advance or simultaneously, be disclosed to the ASX and available on ERA's website.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	NOTES	CONSOLIDATED 2012 $'000	2011 $'000
Revenue from continuing operations	3	422,849	667,849
Changes in inventories	4	108,169	(110,430)
Purchased materials (uranium oxide)		(55,595)	(244,064)
Materials and consumables used		(128,851)	(111,192)
Employee benefits and contractor expense		(212,415)	(211,353)
Government and other royalties	4	(20,639)	(16,153)
Commission and shipping expenses		(7,228)	(5,611)
Depreciation and amortisation expenses	4	(243,651)	(125,925)
Non-cash impairment charge	13	(68,044)	-
Financing costs	4	(29,465)	(27,132)
Statutory and corporate expenses		(14,869)	(13,675)
Other expenses	4	(5,046)	(8,654)
Profit/(loss) before income tax		(254,785)	(206,340)
Income tax (expense)/benefit	5	36,026	52,741
Profit/(loss) for the year		(218,759)	(153,599)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(218,759)	(153,599)
Profit/(loss) is attributable to:			
Owners of Energy Resources of Australia Ltd		(218,759)	(153,599)
Total comprehensive income for the year is attributable to:			
Owners of Energy Resources of Australia Ltd		(218,759)	(153,599)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents)	28	(42.3)	(29.7)
Diluted earnings per share (cents)	28	(42.3)	(29.7)

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

Consolidated Balance Sheet

As at 31 December 2012

	NOTES	CONSOLIDATED 2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	467,345	632,584
Trade and other receivables	8	42,154	67,200
Current tax assets		-	3,698
Inventories	9	208,374	126,049
Other	10	516	381
Total current assets		718,389	829,912
Non-current assets			
Inventories	11	137,884	112,801
Undeveloped properties	12	203,632	203,632
Property, plant and equipment	13	666,167	741,254
Deferred tax assets	14	38,155	2,154
Investment in trust fund	15	62,048	59,219
Total non-current assets		1,107,886	1,119,060
Total assets		1,826,275	1,948,972
LIABILITIES			
Current liabilities			
Payables	16	100,242	80,238
Provisions	17	78,005	37,019
Total current liabilities		178,247	117,257
Non-current liabilities			
Provisions	18	578,409	543,179
Total non-current liabilities		578,409	543,179
Total liabilities		756,656	660,436
Net assets		1,069,619	1,288,536
EQUITY			
Contributed equity	19	706,485	706,485
Reserves	20	390,301	390,459
Retained profits	20	(27,167)	191,592
Total equity		1,069,619	1,288,536

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

CONSOLIDATED	NOTES	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 January 2011		214,585	391,300	345,191	951,076
Profit/(loss) for the year		-	-	(153,599)	(153,599)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(153,599)	(153,599)
Transactions with owners in their capacity as owners:					
Contributions of equity	19	491,900	-	-	491,900
Employee share options – value of employee services	20	-	(841)	-	(841)
		491,900	(841)	-	491,059
Balance at 31 December 2011		706,485	390,459	191,592	1,288,536
Profit/(loss) for the year		-	-	(218,759)	(218,759)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(218,759)	(218,759)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	-	(158)	-	(158)
		-	(158)	-	(158)
Balance at 31 December 2012		706,485	390,301	(27,167)	1,069,619

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

Consolidated Cash Flow Statement

For the year ended 31 December 2012

		CONSOLIDATED	
	NOTES	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers			
(inclusive of goods and services tax)		449,582	687,817
Payments to suppliers and employees			
(inclusive of goods and services tax)		(430,398)	(645,447)
Payments for exploration		(45,413)	(9,368)
		(26,229)	33,002
Interest received		22,428	12,127
Financing costs paid		(3,211)	(2,110)
Income taxes (paid)/refunded		3,688	11,897
Net cash (outflow)/inflow from operating activities	27	(3,324)	54,916
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(160,750)	(97,426)
Proceeds from sale of property, plant and equipment		29	22
Net cash (outflow)/inflow from investing activities		(160,721)	(97,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	500,290
Share issue transaction costs		-	(11,986)
Employee share option payments		(1,196)	(902)
Net cash (outflow)/inflow from financing activities		(1,196)	487,402
Net increase/(decrease) in cash and cash equivalents		(165,241)	444,914
Cash and cash equivalents at the beginning of the financial year		632,584	187,670
Effects of exchange rate changes on cash and cash equivalents		2	-
Cash and cash equivalents at end of year	7	467,345	632,584

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Energy Resources of Australia Ltd (ERA) and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of ERA also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) Critical accounting estimates

The presentation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of ERA. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ERA (referred to as Company or parent entity) as at 31 December 2012 and the results of all subsidiaries for the year then ended. ERA and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of ERA.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

Sales are brought to account when the products pass from the physical control of the Company pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the products are in a form that requires no further treatment by the Company.

In the case where a sale occurs and immediately after which (part of) the goods are borrowed back by ERA under a separate agreement, the revenue is deferred until repayment of the borrowed goods occurs.

(ii) Rendering of services

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

(iii) Other revenue/income

Other revenue/income recognised by the Group includes:

- Interest income, which is recognised on a time proportion basis using the effective interest rate method;
- Rental income, which is recognised on a straight line basis;
- Net gains on disposal of assets, which is recognised at the date control of the asset passes to the acquirer;
- Foreign exchange gains, and
- Insurance recoveries, which is recognised on confirmation from the insurer that the claim payment has been approved.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is ERA's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(e) Financing costs

Financing costs (including interest) are included in the statement of comprehensive income 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. The borrowing costs included in the cost of such developments are those costs that would have been avoided if the expenditure on the development had not been made.

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.

(f) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure, adjusted for risk, required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Rehabilitation

ERA is required to rehabilitate the Ranger Project Area upon cessation of mining operations. The costs are estimated on the basis of a closure model, taking into consideration the technical closure options available to meet ERA's obligations and applying a probability weighting to each option based on the likelihood of executing each option. When it is deemed only one option is available it is assigned a 100% probability. The cost estimates are calculated annually during the life of the operation to reflect known developments, and are subject to regular reviews.

The amortisation or unwinding of the discount applied in establishing the net present value of provisions is charged to the profit and loss account in each accounting period. The amortisation of the discount is shown as a financing cost. Other movements in the provision for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to lives of operations and revisions to discount rates are capitalised within fixed assets. These costs are then depreciated on a unit of production basis over the life of the reserves.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the outstanding continuous rehabilitation work at each balance date. All costs of continuous rehabilitation work are charged to the provision as incurred.

Separately, ERA is required to maintain with the Commonwealth Government the Ranger Rehabilitation Trust Fund ("trust fund"), to provide security against the estimated costs of closing and rehabilitating the mine immediately (rather than upon the planned cessation of mining operations). Each year, ERA is required to prepare and submit to the Commonwealth Government an annual plan of rehabilitation. Once accepted by the Commonwealth Government, the annual plan is then independently assessed and costed and the amount to be provided by ERA, in the trust fund, is then determined. The trust fund includes both cash and financial guarantees. The cash portion is shown as an investment on the balance sheet (note 15), and interest received by the trust fund is shown as interest income.

ERA is required to rehabilitate the Jabiluka Mineral Lease upon cessation of operations to a standard specified by the Authorisation to Operate issued by the Northern Territory Government. The estimated cost of rehabilitation is currently secured by a bank guarantee and fully provided for in the financial statements.

(g) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates taxable income (Australia).

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Tax consolidation legislation

ERA and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as at 31 December 2005 and have agreements governing these relationships for tax purposes in place.

The head entity, ERA and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, ERA also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amoritised cost using the effective interest method less provision for impairment.

Trade receivables are normally settled within 45 days and are carried at amounts due. The collectability of trade receivables is reviewed on an ongoing basis and specific provisions are made for any doubtful amounts. Receivables which are known to be uncollectible are written off.

Other receivables relate to transactions outside the usual operating activities of the Group and are predominately concerned with rental receipts from employees and businesses located within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date but are assessed regularly and impaired accordingly.

(i) Inventories

Inventories, other than stores, are carried at the lower of cost and net realisable value. Net realisable value is determined based on estimated future sales prices, exchange rates and capital and production costs, including transport.

Inventory is valued using the weighted average cost method and includes both fixed and variable production costs as well as cash and non-cash charges.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, for example because it exceeds the mine's cut off grade, it is valued at the lower of cost and net realisable value.

If the ore will not be processed within 12 months after the balance sheet date it is included within non-current assets and net realisable value is calculated on a discounted cash flow basis.

Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays.

Stores are valued at cost or net realisable value where applicable and are impaired accordingly to take into account obsolescence.

For inventory management purposes the Company may enter into uranium loans as a lending or receiving party. These loans are entered into for logistical purposes and loans received are repaid from the Company's inventory. The uranium loans do not meet the definition of a financial liability and are recorded net of inventory.

(j) Impairment of assets

Assets that have an indefinite useful life and intangible assets that are not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction.

The value in use is determined using the present value of the future cashflow expected to be derived from an asset or cash generating unit.

(k) Property, plant and equipment

(i) Acquisition

Items of property, plant and equipment are recorded at historical cost and, except for land, are depreciated as outlined below. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

(ii) Depreciation and amortisation

Depreciation of plant and equipment is provided for as follows:

(a) individual assets that have a life equal to or longer than the estimated remaining life of the Ranger mine are depreciated on a unit of production basis over the life of the reserves; and

(b) 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 over the life of reserves
- Plant and equipment* – units of production over the life of reserves

*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. See below for the estimated useful lives.

- Office equipment: computers – three years
- Office equipment: general – five years
- Plant and equipment – five years
- Furniture & fittings – ten years
- Motor vehicles – five years
- Tailings Storage Facility – three years

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.

(iii) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(iv) Mine properties

Mine properties, consisting principally of Ranger Project Area mining rights, are amortised on a unit of production basis over the life of the economically recoverable reserves of Ranger.

(v) Deferred stripping costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units of production basis.

Stripping costs incurred during the production stage of mining operations are deferred where they are separately identifiable and do not form part of normal mining activities. These costs are deferred and amortised over the period in which the associated ore is produced.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- construction of underground tunnels, where necessary for exploration drilling;
- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Capitalisation of exploration expenditure commences when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to ERA. Capitalised exploration expenditure is reviewed for impairment at each balance sheet date.

Subsequent recovery of the resulting carrying value depends on successful development of the area of interest or sale of the project. If a project does not prove viable, all unrecoverable costs associated with the project and the related impairment provisions are written off. Any impairment provisions raised in previous years are reassessed if there is a change in circumstances which indicates that they may no longer be required, for example if it is decided to proceed with development. If the project proceeds to development, the amounts included within intangible assets are transferred to property, plant and equipment.

(i) Undeveloped properties

Undeveloped properties are mineral concessions where the intention is to develop and go into production in due course. The carrying values of these assets are reviewed annually by management and the results of these reviews are reported to the Board and Audit and Risk Committee. Impairment is assessed based on a status report regarding ERA's intentions for development of the undeveloped property and is reviewed using the fair value less cost to sell method.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial year, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 60 days. These are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as hedges against highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective.

The effective portion of changes in the fair value is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a forecast transaction is no longer expected to occur the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Derivative financial instruments are not held for speculative purposes.

(q) Employee entitlements

(i) Wages and salaries, annual leave and sick leave

The liability for employee entitlements to wages and salaries represents the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the reporting date. A provision exists for annual leave and accumulating sick leave as it is earned by employees and is measured at the amount expected to be paid when it is settled and includes all related on costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision of employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using the rates attaching to Commonwealth Government securities at the reporting date, which most closely match the terms of maturity of the related liabilities.

(iii) Superannuation plan

Employees of the Company are entitled to benefits on retirement, disability or death from their membership of the Rio Tinto Staff Superannuation Fund ("The Fund"). The Fund has both a defined benefit and a defined contribution section. Contributions to the defined contribution superannuation plans are expensed in the income statement when incurred.

The defined benefits section currently has only two members from ERA and as such any surplus or deficit of plan assets are disclosed in the financial statements of the sponsoring entity, Rio Tinto Services Limited.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redindancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(r) Segment reporting

Management has determined the operating segments based on the reports reviewed by the Chief Executive, used to make strategic decisions. The Chief Executive considers the business from a product perspective.

(s) Cash and cash equivalents

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

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts 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.

(w) Share based payments

The fair value of cash settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between accounting dates are recognised as an expense. The grant date fair value of the awards is taken to be the market value of the shares at the date of award reduced by a factor for anticipated relative Total Shareholder Return ('TSR') performance. Fair values are subsequently re-measured at each accounting date to reflect the number of awards expected to vest based on the current and anticipated TSR performance. If any awards are ultimately settled in shares, the liability is transferred direct to equity as the consideration for the equity instruments issued.

Equity settled share plans are settled either by the issue of shares by the relevant parent Company, by the purchase of shares on market or by the use of shares previously acquired as part of a share buyback. The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to other reserves. If the cost of shares acquired to satisfy the plans exceeds the expense charged, the excess is taken to the appropriate reserve. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award (e.g. Total Shareholder Return). The Group uses fair values provided by independent actuaries calculated using a lattice based option valuation model.

Non-market based vesting conditions (e.g. earnings per share targets) are taken into account in estimating the number of awards likely to vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

Further information about the treatment of individual share based payment plans is provided in Note 32.

(x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

(y) Parent entity financial information

The financial information for the parent entity, Energy Resources of Australia Ltd (ERA), disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the group's accounting for financial assets or liabilities.

(ii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013).

AASB13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurements techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would first be applied in the annual reporting period ending 31 December 2014.

There are no other standards that are not yet effective and that are expected to have a impact on the entity in the current or future reporting periods and in forecast transactions.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs and their timing required to rehabilitate and restore disturbed land to original condition.

The costs are estimated on the basis of a rehabilitation model, taking into account consideration of the preferred options available to meet ERA's obligations. The cost estimates are reviewed annually during the life of the operation to reflect known developments.

A prefeasibility study was conducted during the year and resulted in modifications to the preferred rehabilitation plan as at the 31 December 2012.The provision for rehabilitation represents the net present cost at 31 December, based on current disturbance, of the preferred plan within the requirements of the Ranger Project Area Authority.

As a result of the work undertaken to date as part of the prefeasibility study, the cost estimates have been revised to reflect ERA's best estimate. As a result of the revised rehabilitation estimate, the rehabilitation provision has been increased by $22.4 million.

A key sensitivity in estimating the rehabilitation provision is the discount rate applied to the underlying cash flows. ERA has reduced the real discount rate by 0.5 per cent to 2.5 per cent in response to reduced yields achieved on risk free investments. This has resulted in the rehabilitation provision being increased by $19.3 million.

The ultimate cost of rehabilitation is uncertain and can vary in response to may factors such as legal requirements, technological change and experience at other sites. To the extent that ERA's future estimates of the rehabilitation costs are different to those currently estimated, ERA will adjust the provision for rehabilitation costs to reflect additional knowledge obtained.

(b) Taxation

The Group has recognised certain deferred tax assets for deductible temporary differences and recoverable losses carried forward. In recognising these deferred tax assets assumptions have been made regarding the Group's ability to generate future taxable profits.

Judgement is required in regard to the application of income tax legislation. There is an inherent risk and uncertainty in applying these judgements and a possibility that changes in legislation will impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet.

(c) Determination of ore reserves and resources

ERA estimates its ore reserves and resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code).

There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation. A full statement of ERA Ore Reserves and Mineral Resources as at 31 December 2012 is on page 15 and 16.

(d) Impairment

ERA's balance sheet contains items that have been subject to impairment testing during the year, as a result of ERA identifying specific impairment indicators. These impairment indicators include a decline in the long term uranium price, continued strength of the Australian dollar and volatility of the share price resulting in market capitalisation (Australian Securities Exchange) being below net assets at year end.

ERA has two cash generating units (CGU), the Ranger Project Area and the Jabiluka Lease. The Ranger GCU includes all assets and liabilities related to activities on the Ranger Project Area, including the rehabilitation provision and the associated asset capitalised within property, plant and equipment. The Jabiluka CGU relates to the Jabiluka lease which is currently under a long term care and maintenance agreement.

ERA assesses the recoverable amount of CGUs based on the greater of fair value less cost to sell or value in use. ERA has used the fair value less costs to sell method for the Ranger GCU, the recoverable amount has been determined based on discounted cash flow modelling of a set of probability weighted strategic outcomes. Further details are available in note 13. ERA also uses the fair value less costs to sell method for the Jabiluka CGU. Further details are available at note 12.

In assessing impairment, estimates are required of resource and development potential, future market prices, discount rate, exchange rates, rehabilitation, capital and production costs in order to assist in the judgement of the recoverable amount. ERA makes estimates and assumptions in regard to impairment which are subject to risk and uncertainty. Changes in circumstances may affect these estimates and the recoverable amount. Further details are available at note 12 and 13.

If the carrying values of the assets are assessed as being impaired, the impairment charge is charged against the income statement.

3 Revenue

	2012 $'000	2011 $'000
REVENUE FROM CONTINUING OPERATIONS		
Sales revenue		
Sale of goods	395,399	649,213
Rendering of services	1,230	2,168
Total sales revenue	396,629	651,381
Other revenue		
Interest received/receivable, other parties	25,257	15,533
Rent received	963	935
Total other revenue	26,220	16,468
Total revenue from continuing operations	422,849	667,849

4 Expenses

	NOTES	2012 $'000	2011 $'000
LOSS BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:			
Cost of sales			
Produced product (uranium oxide)		302,370	268,014
Purchased product (uranium oxide)		67,965	216,659
Total cost of sales		370,335	484,673
Depreciation			
Mine land and buildings		5,885	3,974
Plant and equipment		120,555	56,219
Total depreciation		126,440	60,193
Amortisation			
Mine properties		20,009	14,420
Rehabilitation asset		97,202	51,312
Total amortisation		117,211	65,732
Total depreciation and amortisation expenses		243,651	125,925
Government and other royalties			
Royalty payments		4,691	3,671
Payments to Aboriginal interests	22	15,948	12,482
Total Government and other royalties		20,639	16,153
Financing costs			
Related parties		27	-
Other parties		3,183	2,110
Unwinding of discount (rehabilitation provision)		26,255	25,022
Total Financing Costs		29,465	27,132
Doubtful debts expense		112	(2,736)
Net loss on disposal of property, plant & equipment		722	713
Net foreign exchange loss		235	855
Rental expense relating to operating leases		8,308	10,027
Research and development expenditure		34,493	52,364
Total exploration and evaluation expenditure (including Ranger 3 Deeps exploration decline)		45,413	9,368
Defined contribution superannuation expense		6,773	6,186

5 Income tax expense/(benefit)

	2012 $'000	2011 $'000
INCOME TAX EXPENSE/(BENEFIT)		
Current tax	-	-
Deferred tax	(35,897)	(52,042)
Under/(over) provided in prior years	(129)	(699)
Income tax expense/(benefit)	(36,026)	(52,741)
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (Note 14B)	(28,419)	(30,659)
(Decrease)/increase in deferred tax liabilities (Note 14A)	(7,478)	(21,383)
Deferred tax	(35,897)	(52,042)
RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Operating loss before income tax	(254,785)	(206,340)
Tax at the Australian tax rate of 30% (2011 – 30%)	(76,435)	(61,902)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of non-current assets	20,413	-
R&D tax concession	(3,449)	(3,927)
Amortisation	29,161	15,394
Other items	(5,587)	(1,607)
Income tax under/(over) provided in prior years	(129)	(699)
Income tax expense/(benefit)	(36,026)	(52,741)
AMOUNTS RECOGNISED DIRECTLY IN EQUITY		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity		
Net deferred tax asset (Notes 14B)	34	(3,229)

Tax consolidation legislation

Energy Resources of Australia Ltd and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as at 31 December 2005. The accounting policy in relation to this legislation is set out in Note 1(g).

6 Dividends

Dividends paid or declared

No dividends have been paid or declared for the year ended 31 December 2012 (2011: nil).

Dividends franking account

	2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2011 – 30%)	234,095	234,086

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax as applicable.

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

7 Cash and cash equivalents

	2012 $'000	2011 $'000
CURRENT		
Cash at bank and in hand	1,361	3,627
Deposits at call	465,984	628,957
Cash and cash equivalents	467,345	632,584

Cash at bank/Deposits at call

Cash assets and deposits bear floating interest rates between 0.0% and 4.3% (2011 – 0.0% and 4.7%).

Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 29.

8 Trade and other receivables

	2012 $'000	2011 $'000
CURRENT		
Trade debtors	34,448	60,038
Other debtors	7,846	7,190
Provision for impairment	(140)	(28)
Net other debtors	7,706	7,162
Trade and other receivables	42,154	67,200

Impairment of receivables

No trade receivables are past due. There is no impairment of trade receivables.

The impairment of other receivables relate to transactions outside the usual operating activities of the Group and are predominately concerned with receipts from employees and businesses operating within the Jabiru township. These ongoing activities are expected to be settled during the 12 months subsequent to balance date.

Foreign exchange and interest rate risk

ERA operates internationally but is primarily exposed to foreign exchange risk arising from currency exposures with respect to the US dollar.

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in Note 29.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount approximates their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to Note 29 for more information on the financial risk management policy of the Group.

9 Inventories – current

	2012 $'000	2011 $'000
Stores and spares	23,021	23,783
Ore stockpiles at cost	35,852	34,993
Work in progress at cost	4,531	3,213
Finished product U_3O_8 at cost	144,970	64,060
Total current Inventory	208,374	126,049

Inventory expense

Obsolescence of inventory provided for and recognised as an expense during the year ended 31 December 2012 amounted to $284,677 (2011: $190,294).

10 Other assets

	2012 $'000	2011 $'000
Prepayments	516	381

11 Inventories – non-current

	2012 $'000	2011 $'000
Ore stockpiles at cost	137,884	112,801

Inventory expense

During 2011 some low grade stockpiled ore was recognised as an expense of $142,060,800 ($99,442,560 post tax). This related to the reclassification of some low grade stockpiled ore from Reserves to Resources as a result of the decision of the ERA Board to not progress with the Ranger Heap Leach Facility. This is shown in the change in inventories line of the Statement of Comprehensive Income.

12 Undeveloped properties

	2012 $'000	2011 $'000
Jabiluka: Long-term care and maintenance development project		
Balance brought forward	203,632	203,632
Amount capitalised during the year	-	-
Total undeveloped properties	203,632	203,632

Undeveloped properties are considered an asset not yet ready for use. The recoverable amount of the undeveloped properties is determined using the fair value less cost to sell method.

Fair value less cost to sell has been determined using a discounted cash flow model. Key assumptions to which the model is most sensitive include:

- Uranium prices
- Foreign exchange rates
- Production and capital costs
- Discount rate
- Ore reserves and mineral resources

In determining the value assigned to each key assumption, management has used external sources of information and has utilised the expertise of external consultants to validate entity-specific assumptions such as costs, production techniques and reserves.

Further, the Company's cash flow forecasts are based on estimates of future uranium prices, which assume market prices will revert to the Company's assessment of the long term average price, generally over a period of three to five years.

The recoverable amount is dependent on the life of the ore body together with the term of the mining lease. It reflects expected future cashflows contained in the long term asset plan with an adjustment of cashflows expected to take into account project development risk. The Company has projected cashflows for the period of the current mining lease, together with a ten year renewal period.

The discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

13 Property, plant and equipment

CONSOLIDATED	MINE LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MINE PROPERTIES $'000	REHAB-ILITATION $'000	TOTAL $'000
YEAR ENDED 31 DECEMBER 2012					
Opening net book amount	20,584	377,204	55,316	288,150	741,254
Additions	-	160,750	-	-	160,750
Disposals	-	(751)	-	-	(751)
Change in estimate	-	-	-	76,609	76,609
Transfers	-	-	-	-	-
Depreciation/amortisation charge	(5,885)	(120,555)	(20,009)	(97,202)	(243,651)
Impairment charge	-	-	-	(68,044)	(68,044)
Closing net book amount	14,699	416,648	35,307	199,513	666,167
Cost	111,084	1,048,781	421,700	390,913	1,972,478
Accumulated depreciation/amortisation	(96,385)	(632,133)	(386,393)	(191,400)	(1,306,311)
Net book amount	14,699	416,648	35,307	199,513	666,167
YEAR ENDED 31 DECEMBER 2011					
Opening net book amount	24,508	336,782	69,736	108,451	539,477
Additions	-	97,426	-	-	97,426
Disposals	-	(735)	-	-	(735)
Change in estimate	-	-	-	231,011	231,011
Transfers	50	(50)	-	-	-
Depreciation/amortisation charge	(3,974)	(56,219)	(14,420)	(51,312)	(125,925)
Closing net book amount	20,584	377,204	55,316	288,150	741,254
Cost	111,084	888,782	421,700	382,348	1,803,914
Accumulated depreciation/amortisation	(90,500)	(511,578)	(366,384)	(94,198)	(1,062,660)
Net book amount	20,584	377,204	55,316	288,150	741,254

Assets under construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	2012 $'000	2011 $'000
Plant and equipment	182,519	35,460

Impairment charge Ranger cash generating unit

ERA assesses the recoverable amount of Ranger cash generating unit (CGU) based on the greater of fair value less costs to sell or value in use. ERA has used the fair value less costs to sell method for the Ranger CGU, it has been determined based on discounted cash flow modelling of a set of probability weighted strategic outcomes. In assessing impairment, estimates are required of resource and development potential, future market prices, discount rate, exchange rates, rehabilitation, capital and production costs in order to assist in the judgment of the recoverable amount.

When conducting this assessment, the ERA Board has adopted long term uranium price and exchange rate assumptions based on a survey of a sample of brokers and financial institutions. In 2012, the results of this survey has shown a lower market view of the long term uranium price outlook and a general strengthening of the Australian dollar when compared to the prior survey conducted in 2011.

These long term uranium price and exchange rate assumptions and the cumulative impact of increases in the rehabilitation cost estimate over the period 2010 to 2012 has resulted in a reduction in the fair value of the Ranger CGU to the extent that a non cash impairment of $68 million has been recognised, using a 9.25% discount rate.

A five per cent change in the long term Australia/US dollar exchange rate would change the recoverable amount by approximately $116 million.

A five per cent change in the long term uranium price would change the recoverable amount by approximately $132 million.

ERA has announced that it will progress with the Ranger 3 Deeps exploration decline and has assigned a high probability that it will progress into production phase at the successful completion of the exploration program. Should this or other strategic alternatives not occur, it is likely that the Ranger CGU would face further impairment.

In recent years ERA has placed focus on ensuring adequate provision exists to cover rehabilitation activities. When the estimate is increased by additional disturbance, change in discount rate or a change in estimate, the increase is capitalised into property plant and equipment. Since 2010 this has resulted in a significant increase in this component of property plant and equipment. ERA considers that this portion of property, plant and equipment is individually significant and contributes to impairment, as such the impairment charge has been allocated completely to this component of property plant and equipment.

14 Deferred tax liabilities

	2012 $'000	2011 $'000
(A) DEFERRED TAX LIABILITY		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Property, plant and equipment	9,845	29,811
Investment in trust fund	18,615	17,766
Undeveloped properties	23,405	23,405
Inventories	33,558	18,728
Receivables	752	4,012
Total deferred tax liabilities	86,175	93,722
Off-set of deferred tax asset pursuant to set-off provisions (Note 14B)	(86,175)	(93,722)
Net deferred tax liabilities	-	-
Movements		
Opening balance at 1 January	93,722	112,568
(Credited)/debited to the income statement (Note 5)	(7,478)	(21,383)
Under provided in prior years credited to the income statement	(69)	2,537
Closing balance at 31 December	86,175	93,722
(B) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Tax losses	36,776	23,437
Rehabilitation	65,936	60,924
Employee provisions	4,765	3,765
Other	15,097	4,521
	122,574	92,647
Amount recognised directly in equity		
Transaction costs	2,157	3,596
Share benefits	(401)	(367)
Total deferred tax assets	124,330	95,876
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 14A)	(86,175)	(93,722)
Net deferred tax assets	38,155	2,154
Movements		
Opening balance at 1 January	95,876	61,642
Credited to the income statement (Note 5)	28,419	30,659
Over provided in prior years credited to the income statement	69	346
Credited to equity (Note 5)	(34)	3,229
Closing balance at 31 December	124,330	95,876

15 Investment in trust fund

	2012 $'000	2011 $'000
NON-CURRENT		
Trust Fund	62,048	59,219

Trust fund

The Trust Fund holds a restricted fixed term investment in the form of bank bills which mature and are reinvested periodically. The applicable weighted average interest rate for the year ended 31 December 2012 was 4.78% (2011: 5.47%).

16 Payables

	2012 $'000	2011 $'000
CURRENT		
Trade payables	90,242	59,480
Amounts due to related parties	8,000	18,854
Other payables	2,000	1,904
Total payables	100,242	80,238

17 Provisions – current

	2012 $'000	2011 $'000
CURRENT		
Employee benefits	11,778	11,891
Rehabilitation	66,227	25,128
Total current provisions	78,005	37,019

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	REHABILITATION $'000
CONSOLIDATED – 2012	
Carrying amount at the start of the year	25,128
Payments	(28,293)
Transfer from non-current provision	69,392
Carrying amount at the end of the year	66,227

	REHABILITATION $'000
CONSOLIDATED – 2011	
Carrying amount at the start of the year	18,750
Payments	(5,382)
Transfer from non-current provision	11,760
Carrying amount at the end of the year	25,128

18 Provisions – non-current

	2012 $'000	2011 $'000
NON-CURRENT		
Employee benefits	4,780	3,022
Rehabilitation	573,629	540,157
Total non-current provisions	578,409	543,179

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	REHABILITATION $'000
CONSOLIDATED – 2012	
Carrying amount at the start of the year	540,157
Unwinding of discount	26,255
Additional provisions recognised	34,968
Change in estimate	22,355
Change in discount rate	19,286
Transfer to current provision	(69,392)
Carrying amount at the end of the year	573,629

	REHABILITATION $'000
CONSOLIDATED – 2011	
Carrying amount at the start of the year	295,882
Unwinding of discount	25,022
Additional provisions recognised	10,796
Change in estimate	220,217
Transfer to current provision	(11,760)
Carrying amount at the end of the year	540,157

19 Share capital

	2012 SHARES	2011 SHARES	2012 $'000	2011 $'000
SHARE CAPITAL				
A Class shares fully paid	517,725,062	517,725,062	706,485	706,485
Total contributed equity			706,485	706,485

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

Details of the Group's exposure to risks when managing capital are set out in Note 29.

Movement in ordinary share capital

		ISSUE PRICE	NUMBER OF SHARES	2011 $'000
CONSOLIDATED 2011				
	Opening balance January 2011		190,737,934	214,585
25 October 2011	Rights issue – institutional entitlement offer	1.53	248,796,293	380,658
21 November 2011	Rights issue – Retail entitlement offer	1.53	78,190,835	119,632
	Transaction costs			(11,986)
	Deferred tax on transaction costs			3,596
31 December 2011	Closing balance 31 December 2011		517,725,062	706,485

Rights issue

On 12 October 2011 the company invited its shareholders to subscribe to a rights issue of 326,987,128 ordinary shares at an issue price of $1.53 per share on the basis of 12 shares for every 7 fully paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 25 October 2011 for the institutional entitlement and 21 November 2011 for the retail entitlement. The issue was fully subscribed.

20 Reserves and retained profits

	2012 $'000	2011 $'000
RESERVES		
Share-based payments reserve	801	959
Capital reconstruction	389,500	389,500
Total Reserves	390,301	390,459
Movements		
Share-based payments reserve		
Balance 1 January	959	1,800
Option expense	(158)	(841)
Balance 31 December	801	959
Capital reconstruction		
Balance 1 January	389,500	389,500
Movements	-	-
Balance 31 December	389,500	389,500
RETAINED PROFITS		
Movements in retained profits were as follows:		
Opening retained earnings – 1 January	191,592	345,191
Net loss for the year	(218,759)	(153,599)
Dividends paid	-	-
Closing retained earnings/(accumulated losses) – 31 December	(27,167)	191,592

Nature and purpose of reserves

Share-based payments reserve

The share based payments reserve is used to recognise the fair value of equity instruments issued to employees but not exercised.

Capital reconstruction reserve

In June 1995, ERA reduced its share capital by cancelling $0.95 of the capital paid up on each issued share and reducing the par value of each issued share from $1.00 to $0.05. The cancelled capital (comprising $389,500,000 in total) was credited to a Capital Reconstruction Reserve. The Company has the ability to distribute capital to shareholders from this reserve.

21 Contingencies

Contingent liabilities

Legal actions against Energy Resources of Australia Ltd.

The remaining argument in the action listed in the Federal Court against the former Commonwealth 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 of the contingent liabilities disclosed above.

22 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2012 $'000	2011 $'000
Within one year	95,337	64,664

Lease commitments

Operating leases

Future operating lease rentals not provided for in the financial statements and payable:

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable		
Within one year	3,468	3,899
Later than one year but not later than five years	4,375	7,059
Total operating leases	7,843	10,958

The consolidated entity leases property, plant and equipment under operating leases expiring between one and 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.

Mineral tenement leases

Future mineral tenement lease payments not provided for in the financial statements and payable:

Within one year	73	73
Later than one year but not later than five years	291	291
Later than five years	485	558
Total mineral tenement leases	849	922

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 2013 in respect of tenement lease rentals.

ERA is liable to make payments to the Commonwealth as listed below:

(i) An annual amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement *Aboriginal Land Rights (Northern Territory) Act 1976* for rent for the duration of the agreement. This amounts to $911,926 per annum for 2013 and is indexed for future years.

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginal Benefits Reserve pursuant to a determination under Section 63(5) (b) of the *Aboriginal Land Rights (NT) Act 1976*. These amounts were calculated at 4.25 per cent until 30 June 2012. On execution of a suite of agreements between ERA, the Commonwealth and the Northern Land Council a revised rate of 2.5 per cent was payable to the Commonwealth from 1 July 2012 and 1.75 per cent payable to the Northern Land Council or an entity representing the Mirarr Traditional Owners as directed by the Northern Land Council (amounts paid during 2012: $15,948,383. 2011: $12,481,746).

(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 per cent of Ranger net sales revenue (amounts paid during 2012: $4,690,701. 2011: $3,671,102).

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) Up front payment of $3,400,000 on the commencement of production at Jabiluka.

(ii) Annual royalty payments calculated at 4.5 per cent of net sales revenue less $500,000 less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the mineral lease for the first 10 years and thereafter at 5 per cent of net sales revenue less any amounts paid to the Aboriginal Benefits Reserve by the Commonwealth under the conditions specified in the mineral lease (refer commitment below).

ERA is liable to make payments to the Commonwealth in respect of the Jabiluka project pursuant to the conditions attached to the Mineral Lease. The amount payable was, until 30 June 1990, calculated at the rate of 5.25 per cent of net sales revenue from the Jabiluka project. The Jabiluka project is now under long term care and maintenance and will not be developed without the approval of the Mirarr Tradition Owners.

23 Auditor's remuneration

During the year the auditor of the parent entity and its related practices earned the following remuneration:

	2012 $'000	2011 $'000
AUDIT SERVICES		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	361	350
Other services	-	285
Total remuneration of PricewaterhouseCoopers Australia	361	635

24 Related parties

Directors

The names of persons who were Directors of ERA at any time during the financial period are as follows:
H Garnett, D Klingner, R Atkinson, P Taylor, J Pegler, M Coulter (resigned 20 November 2012), P McMahon (appointed 20 November 2012) and H Newell (appointed 20 November 2012).

Information relating to Directors' compensation, shareholdings and retirement benefits is set out in the Remuneration Report in the Directors' Report.

Key management personnel

Key management personnel compensation

	2012 $'000	2011 $'000
Short-term employee benefits	4,376	3,907
Post-employment benefits	368	409
Share-based payments	664	688
	5,408	5,004

In compliance with Corporations Regulations 2001 2M.3.03 the Company has provided detailed remuneration disclosures in the Directors report. The relevant information can be found in the remuneration report on pages 49 to 67.

Loans with Directors and key management personnel

There are no loans with Directors or key management personnel during 2012 (2011: nil).

Transactions with Directors and Director-related entities

There were no transactions with Director related entities other than Rio Tinto Limited during 2012 (2011: Nil). Details of transactions with Rio Tinto Limited are outlined on page 104.

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 per cent of the issued ordinary shares of the Company. North Ltd owns 34.1 per cent directly and the remaining 34.3 per cent through its subsidiary, Peko Wallsend Ltd.

Interest income

Interest income is received from Rio Tinto Finance Ltd which holds cash on behalf of the Company.

Transactions with related parties

The following transactions occurred with related parties:

	2012 $'000	2011 $'000
Management services fees paid to ultimate parent entity:		
Rio Tinto Group Companies	1,600	1,600
Consulting fees paid to:		
Rio Tinto Group Companies	11,800	10,007
Other re-imbursements for commercial services:		
Rio Tinto Group Companies	46,528	103,571
Amounts received from related parties:		
Rio Tinto Group Companies – other	1,855	41,223
Rio Tinto Group Companies – interest	12,827	9,721
Dividends paid to:		
Related parties – North Ltd	-	-
Related parties – Peko Wallsend Ltd	-	-

Consulting fees paid to Rio Tinto Group Companies relate to technical services for major projects.

Other reimbursements for commercial services include the purchase of uranium oxide at market price (2012: $28,461,857 and 2011: $79,326,774).

Amounts received from related parties include sales of uranium oxide at market price.

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:		
Current assets – cash assets		
Related parties – Rio Tinto Finance Ltd	206,527	420,938
Current assets – receivables		
Related parties – Rio Tinto Group Companies	94	81
Current liabilities – creditors		
Related parties – Rio Tinto Group Companies	8,000	18,854

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

25 Investment in controlled entity

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

			EQUITY HOLDING	
NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	2012 %	2011 %
EWL Sciences Pty Ltd	Australia	Ordinary	100	100

The above controlled entity is wholly-owned and no dividends were paid to the parent entity (2011: $Nil).

On 28 November 2012, ERA resolved that EWL Sciences Pty Ltd be wound up as a member's voluntary liquidation. On the same day, Simon Wallace-Smith and Salvatore Algeri of Deloitte Touche Tohmatsu were appointed to act as joint and several liquidators of the Company.

26 Segment information

Description of segments

Management has determined the operating segment based on the reports reviewed by the Chief Executive that are used to make strategic decisions.

The Chief Executive considers the business from a product prospective and has identified only one reportable segment in the year ended 31 December 2012, being the mining, processing and selling of uranium. There are no other unallocated operations.

Primary reporting – business segments

The segment information provided to the Chief Executive for the reportable segment is as follows:

	URANIUM	
	2012 $'000	2011 $'000
Total segment revenue	422,849	667,849
Revenue from external customers	396,629	651,381
Other revenue	26,220	16,468
Total segment revenue	422,849	667,849
Segment result	(218,759)	(206,340)
Income tax expense	36,026	52,741
Profit for the year	(218,759)	(153,599)
Segment assets	1,826,275	1,948,972
Total assets	1,826,275	1,948,972
Segment liabilities	756,656	660,436
Total liabilities	756,656	660,436
Acquisitions of non-current assets	160,750	97,426
Depreciation and amortisation expense	243,651	125,925
Net loss on sale of property, plant and equipment	722	713

Other segment information

Segment revenue

The revenue from external parties reported to the Chief Executive is measured in a manner consistent with that in the income statement.

Revenues from external customers are derived from the sale of uranium. A breakdown of revenue and results is provided in the tables above. Segment revenue reconciles to total revenue from continuing operations as disclosed in note 3.

The consolidated entity is domiciled in Australia. The result of its revenue from external customers in other countries is outlined in the table below:

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS	
	2012 $'000	**2011 $'000**
Asia	58,894	165,714
United States	291,984	396,860
Europe	44,521	86,639
	395,399	649,213

Segment revenues are allocated based on the country in which the customer is located.

Segment assets

The amounts provided to the Chief Executive with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other assets, net of provisions.

All assets of the consolidated entity as at 31 December 2012 are in Australia with the exception of inventories in transit or at converters of $55,973,835 (2011 – $28,334,413). All acquisitions of property, plant and equipment and other non-current assets occurred in Australia.

Segment liabilities

The amounts provided to the Chief Executive with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. The consolidated entity does not have any borrowings or derivative financial instruments as at 31 December 2012.

27 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	2012 $'000	2011 $'000
Loss for the year	(218,759)	(153,599)
Add/(less) items classified as investing/financing activities:		
Net (gain)/loss on sale of non-current assets	722	713
Add/(less) non-cash items:		
Depreciation and amortisation	243,651	125,925
Non cash impairment charge	68,044	-
Rehabilitation provision: unwinding of discount	26,255	25,022
Employee benefits: share based payments	1,037	61
Net exchange differences	(2)	-
Deferred tax on share issue costs	-	3,596
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	25,046	5,650
(Increase)/decrease in inventories	(107,408)	111,820
(Increase)/decrease in net provision for deferred tax assests	(36,001)	(53,080)
(Increase)/decrease in other assets	(135)	198
(Increase)/decrease in investment in trust fund	(2,829)	(3,406)
(Decrease)/increase in payables	20,004	(13,834)
(Decrease)/increase in current tax liabilities	3,698	9,006
(Decrease)/increase in provisions	(26,647)	(3,156)
Net cash inflow/(outflow) provided from operating activities	(3,324)	54,916

28 Earnings per share

	2012 CENTS	2011 CENTS
Basic earnings per share	(42.3)	(29.7)
Diluted earnings per share	(42.3)	(29.7)

Earnings used in the calculation of basic and diluted earnings per share: 2012: ($218,758,940) (2011: ($153,598,511))

Weighted average number of ordinary shares on issue used in calculation of basic earnings per share: 2012: 517,725,062 shares (2011: 517,725,062).

Options

Options granted to employees are granted under the share-based payment plans are for options in Rio Tinto plc and Rio Tinto Ltd. Therefore, the options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in Note 32.

29 Financial risk management

ERA carries out risk management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and other risks, use of derivative and non-derivative financial instruments. The subsidiary does not utilise any financial instruments, and as such, sensitivities are identical for both parent and group.

The Group's business is mining and not trading. Accordingly, the Group only contracts to sell uranium that it plans to produce, however purchasing uranium for resale may be required in circumstances where actual production falls short of contractual sales volumes. The Group operates entirely in Australia and is exposed primarily to Australian dollar denominated costs. Sales are denominated in US dollars.

Market risk

Foreign exchange risk

ERA markets its products internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. It is no longer group policy to hedge against foreign exchange risk, all legacy financial instruments held in the form of foreign exchange contracts expired during 2009.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2012 USD $'000	2011 USD $'000
Trade receivables	35,738	60,842
Trade payable	896	10,888

Group sensitivity

At 31 December 2012, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the change in trade receivables would have effected post-tax profit for the year by $2,399,099 higher/lower (2011: $5,458,042 higher/lower).

At 31 December 2012, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the change in trade payables would have effected post-tax profit for the year by $58,624 higher/lower (2011: $1,074,453 higher/lower).

Commodity price risk

In the absence of uranium being traded on global futures exchanges, the Group uses a combination of both fixed and market price related contracts for future sales to manage this exposure. No financial instruments are used by the group to manage commodity price risk.

Interest rate risk

The Group's main interest rate risk arises from cash on deposit. When cash is surplus to operational and investing requirements it is invested in lump sum deposits to maximise interest received. In addition, the Group is exposed to interest rate risk on cash in the investment trust fund.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Where customers are rated by an independent credit rating agency, these ratings are used to set credit limits. If no independent rating exists, the credit quality of the customer is subject to extensive assessment. Letters of credit and other forms of credit insurance are also used as required. Derivative counterparties, cash transactions and cash invested through the investment/trust fund are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

	2012 $'000	2011 $'000
TRADE RECEIVABLES		
AA	-	32,507
A	-	10,836
BBB	34,448	16,695
Other	-	-

Liquidity and capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not have a target debt to equity ratio, but has a policy of maintaining a flexible financing structure to be able to fund capital expenditure programmes, pay dividends and fund expansion opportunities as they arise. This policy is balanced against the desire to ensure efficiency in the debt/equity structure of the Group's balance sheet in the longer term through pro-active capital management programmes.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these amounts.

30 Parent entity financial information

(i) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Balance sheet		
Current assets	718,389	830,580
Total assets	1,826,275	1,949,740
Current liabilities	178,248	117,257
Total liabilities	756,656	660,436
Shareholders' equity		
Issued capital	706,485	706,485
Reserves		
Capital reconstruction	389,500	389,500
Share-based payments	801	959
Retained earnings	(27,167)	192,360
Profit or loss for the year	(218,759)	(153,599)
Total comprehensive income	(218,759)	(153,599)

(ii) No guarantees have been provided by the parent entity.

(iii) The commitments for the parent entity are consistent with those reported in Note 22 for the consolidated entity.

31 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.

32 Share-based payments

ERA participates in a number of share-based payment plans administered by Rio Tinto plc and Rio Tinto Limited, which are described in detail in the Remuneration Report. These plans have been accounted for in accordance with the fair value recognition provisions of AASB2, 'Share-based Payments', which means that AASB2 has been applied to all grants of employee share-based payments that had not vested as at 1 January 2004.

Performance Share Plan

With effect from 2010, the policy for settling awards granted under the Performance Share Plan (PSP) formerly known as the Mining Companies Comparative Plan changed. For settlement of all future awards under this plan, participants will be assigned shares and offered a third party facility to realise these shares for cash and/or to meet any tax liabilities.

The fair value awards granted under the PSP have been calculated at their dates of grant using valuation models, including an independent lattice-based option valuation model and a Monte Carlo valuation model which takes into account the constraints on vesting and exercise attached to these awards. Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards. The awards are accounted for in accordance with the requirements applying to equity-settled sharebased payments transactions.

A summary of the status of shares granted under the share plan at 31 December 2012, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
CONSOLIDATED – 2012							
Rio Tinto Limited	9,972	4,079	561	-	(76)	14,536	-
Weighted average exercise price	$77.19	$60.31	$63.73	-	$60.31	$72.02	-
Rio Tinto plc	2,899	727	(2,647)	-	-	979	-
Weighted average exercise price	£38.62	£34.46	£37.46	-	-	£38.66	-
CONSOLIDATED – 2011							
Rio Tinto Limited	12,011	3,607	-	(3,177)	(2,469)	9,972	-
Weighted average exercise price	$74.92	$81.00	-	$74.79	$74.79	$77.19	-
Rio Tinto plc	3,242	1,164	-	(837)	(670)	2,899	-
Weighted average exercise price	£32.77	£40.58	-	£26.81	£26.81	£38.62	-

The weighted average share price at the date of exercise of rights to shares exercised regularly during the year ended 31 December 2012 was Nil (no shares were exercised) (2011: $76.21).

The weighted average remaining contractual life of rights to shares outstanding at the end of the period was 2 years (2011: 3 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Share Option Plan

It is policy to settle these awards in equity, although the participants at their discretion can be offered a cash alternative. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The performance conditions in relation to Total Shareholder Return have been incorporated in the measurement of fair value for these awards by modelling the correlation between Rio Tinto's TSR and that of the index. The relationship between Rio Tinto's TSR and the index was simulated many thousands of times to derive a distribution which, in conjunction with the lattice-based option valuation model, was used to determine the fair value of the options.

A summary of the status of options granted under the plan at 31 December 2012, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
CONSOLIDATED – 2012							
Rio Tinto Limited	17,402	-	-	(6,613)	-	10,789	10,789
Weighted average exercise price	$32.42	-	-	$23.33	-	$37.99	$37.99
Rio Tinto plc	3,219	-	(2,033)	-	-	1,186	1,186
Weighted average exercise price	£16.53	-	£16.53	-	-	£16.53	£16.53
CONSOLIDATED – 2011							
Rio Tinto Limited	20,422	-	-	(3,020)	-	17,402	12,032
Weighted average exercise price	$35.75	-	-	$54.95	-	$32.42	$31.96
Rio Tinto plc	3,219	-	-	-	-	3,219	-
Weighted average exercise price	£16.53	-	-	-	-	£16.53	-

The weighted average share price at the date of exercise of options exercised regularly during the year ended 31 December 2012 was $67.53 (2011: $87.89).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2011: 1 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Share Savings Plan

Awards under these plans are settled in equity and accounted for accordingly. The fair value of each award on the day of grant was estimated using a lattice-based option valuation model, including allowance for the exercise price being at a discount to market price.

A summary of the status of options granted under the plan at 31 December 2012, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
CONSOLIDATED – 2012							
Rio Tinto Limited	51,255	-	(2,003)	(1,221)	(9,585)	38,446	13,435
Weighted average exercise price	$55.08	-	$59.28	$58.34	$55.91	$54.55	$53.64
CONSOLIDATED – 2011							
Rio Tinto Limited	47,124	16,927	(2,425)	(6,654)	(3,717)	51,255	2,476
Weighted average exercise price	$54.69	$59.26	$56.00	$60.07	$58.59	$55.08	$62.26

The weighted average share price at the date of exercise of options exercised regularly during the year ended 31 December 2012 was $68.39 (2011: $85.15).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2 years (2011: 3 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Management Share Plan

The Management Share Plan was introduced in 2007 and is described in the Remuneration Report. The awards will be settled in equity including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions. The fair value of each award on the day of grant is set equal to share price on the day of grant. Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards.

A summary of the status of shares granted under the share plan at 31 December 2012, and changes during the year, is presented below:

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
CONSOLIDATED – 2012							
Rio Tinto Limited	17,019	4,897	746	(6,965)	(758)	14,939	-
Weighted average fair value at grant date	$67.21	$58.83	$58.19	$52.01	$67.00	$71.01	-
Rio Tinto plc	10,431	1,505	(4,413)	(4,979)	-	2,544	-
Weighted average fair value at grant date	£30.02	35.62	37.75	£19.82	-	£38.67	-
CONSOLIDATED – 2011							
Rio Tinto Limited	15,633	3,864	-	(2,478)	-	17,019	-
Weighted average fair value at grant date	$73.04	$81.62	-	$126.48	-	$67.21	-
Rio Tinto plc	9,327	2,369	-	(1,265)	-	10,431	-
Weighted average fair value at grant date	£30.36	£40.75	-	£52.58	-	£30.02	-

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2012 was $60.17 (2011: $84.75).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was 3 years (2011: 3 years).

The model inputs for conditional rights granted during the year ended 31 December 2012 included:

(a) rights are granted for no consideration and have a three year life

(b) exercise price: – (2011: –)

(c) grant date: 19 March 2012 (2011: 21 March 2011)

(d) expiry date: 19 March 2015 (2011: 21 March 2014)

(e) share price at grant date: $65.85 (2011: $81.00)

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Bonus Deferral Plan

The Bonus Deferral Plan was introduced during 2009 and is made up of two parts: the Bonus Deferral Award and the Company Contributed Award. The Bonus Deferral Award was established for the mandatory deferral of a specific percentage of the Chief Executive's Short Term Incentive Plan bonus payment into Rio Tinto shares. In addition, in order to enhance retention of key employees the Company Contributed Award was made in 2009 in respect of a specific percentage of the gross annual basic salary for the Chief Executive. The vesting of these awards is dependent only on service conditions being met. The awards will be settled in equity including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions. The fair value of each award on the day of grant is equal to the share price on the day of grant less a small adjustment for the timing of dividends vesting. Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards.

	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	TRANSFERS IN/(OUT)	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXER-CISABLE AT END OF THE YEAR
CONSOLIDATED – 2012							
Rio Tinto Limited	292	973	-	-	-	1,265	-
Weighted average fair value at grant date	$81.00	$65.85	-	-	-	$69.35	-
CONSOLIDATED – 2011							
Rio Tinto Limited	1,484	341	-	(1,533)	-	292	-
Weighted average fair value at grant date	$51.24	76.73		$51.24	-	$81.00	-

The weighted average share price at the date of exercise of rights to shares exercised regularly during the year ended 31 December 2012 was Nil (no options were exercised during the year) (2011: $86.36).

The weighted average remaining contractual life of share awards outstanding at the end of the period was 2 years (2011: 1 years).

Where options are issued to employees of subsidiaries within the Rio Tinto Group, the subsidiaries compensate the parent for the amount recognised as expense in relation to these options.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2012 $'000	2011 $'000
Share based payment expense	1,037	61

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on page 76 to 115 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 31 December 2012 and of its performance for the financial year ended on that date; 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. Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive and Chief Financial Officer required by section 295A of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the directors.

Dr D Klingner

Director
Melbourne

8 February 2013

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

Report on the financial report

We have audited the accompanying financial report of Energy Resources of Australia Ltd (the company), which comprises the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Energy Resources of Australia Ltd (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

pwc

Auditor's opinion

In our opinion:

(a) the financial report of Energy Resources of Australia is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 49 to 67 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Energy Resources of Australia Ltd for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
8 February 2013

Shareholder Information

Energy Resources of Australia Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised by directors on 8 February 2013. The directors have the power to amend and reissue the financial statements.

The shareholder information set out below was applicable as at 31 January 2013.

Distribution of equity securities

Analysis of numbers of registered equity security holders by size of holding:

	A CLASS ORDINARY SHARES			
	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1 – 1000	8,524	50.97	3,165,358	0.61
1,001 – 5,000	4,885	29.21	12,506,780	2.42
5,001 – 10,000	1,641	9.81	11,912,182	2.30
10,001 – 100,000	1,592	9.52	38,921,237	7.52
100,001 and over	83	0.49	451,219,505	87.15
	16,725	100	517,725,062	100.00

There were 4,991 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	NUMBER OF SHARES	% OF ISSUED SHARES
Peko Wallsend Ltd	177,535,718	34.29%
North Limited	176,543,136	34.10%
J P Morgan Nominees Australia Limited	24,450,609	4.72%
HSBC Custody Nominees (Australia) Limited	17,433,992	3.37%
HSBC Custody Nominees (Australia) Limited	12,387,558	2.39%
Citicorp Nominees Pty Limited	11,416,434	2.21%
JP Morgan Nominees Australia Limited	6,084,425	1.18%
National Nominees Limited	4,062,099	0.78%
HSBC Custody Nominees (Australia) Limited	1,796,707	0.35%
ABN Amro Clearing Sydney Nominees Pty Ltd	1,014,185	0.20%
QIC Limited	935,604	0.18%
Boda Investments Pty Ltd	868,572	0.17%
Ariki Investments Pty Ltd	750,000	0.14%
HSBC Custody Nominees (Australia) Limited	670,228	0.13%
Ganra Pty Ltd	651,429	0.13%
Mr Ignazio Gaetano Lo Castro	649,769	0.13%
UBS Nominees Pty Ltd	619,906	0.12%
John E Gill Trading Pty Ltd	531,000	0.10%
Dr Hanh Nguyen	512,143	0.10%
Burleigh Heads Holdings Pty Ltd	475,000	0.09%

Shareholder Information

Entitlements to vote

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.

Annual general meeting

The next AGM will be held at 10am on Wednesday 10 April 2013 in Darwin, Northern Territory, Australia.

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

Computershare Investor Services Pty Ltd

117 Victoria Street
West End QLD 4101
Telephone: +61 (0) 3 9473 2500
Facsimile: +61 (0) 3 9415 4000

Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

2012 ASX Announcements

26 November 2012	Financial Community Presentation November 2012
20 November 2012	Director Appointment/Resignation
11 October 2012	September 2012 Quarter Operations Review
31 July 2012	Share Trading Policy
26 July 2012	June 2012 Half Year Results Presentation
26 July 2012	June 2012 Half Year Results
26 July 2012	ASX Interim Report – 30 June 2012
11 July 2012	Quarterly Activities Report
19 June 2012	Financial Community visit to Ranger
14 June 2012	ERA Board approves Ranger 3 Deeps mine Prefeasibility Study
1 June 2012	SandP indices Announces June Quarterly Rebalance
1 May 2012	Ranger 3 Deeps exploration decline commences
16 April 2012	Financial Community Presentation April 2012
11 April 2012	2012 Annual General Meeting – Results of Voting
11 April 2012	Chief Executive's Address – 2012 Annual General Meeting
11 April 2012	Chairman's Address – 2012 Annual General Meeting
10 April 2012	March 2012 Quarter Operations Review
30 March 2012	Ranger 3 Deeps explorations decline Contract Awarded
8 March 2012	Annual General Meeting Proxy Form
8 March 2012	Notice of Annual General Meeting
8 March 2012	Annual Report to Shareholders
1 March 2012	Joint Media release: ERA/GAC Water Initiatives
1 February 2012	2011 Full Years Results Presentation
1 February 2012	Annual Statement of Reserves and Resources
1 February 2012	2011 Full Year Results Announcement
1 February 2012	Preliminary Final Report
12 January 2012	December 2011 Quarter Operations Review

Details of these announcements are available at *www.energyres.com.au*.

Ten Year Performance

YEAR ENDED 31 DECEMBER	2012	2011	2010	2009	2008	2007	2006	2005	2004[1]	2003
Sales Revenue ($000)	369,629	651,381	572,283	768,297	496,359	357,080	312,698	262,036	236,270	196,216
Earnings Before Interest and Tax ($000)	(278,266)	(220,633)	47,726	374,737	317,957	108,012	68,745	65,452	42,773	35,298
Profit Before Tax ($000)	(254,785)	(206,340)	59,427	382,053	312,569	98,366	62,247	59,620	39,239	35,546
Income Tax Expense ($000)	(36,026)	(52,741)	12,423	109,479	90,784	22,277	18,640	18,554	2,193	15,674
Profit After Tax ($000)	(218,759)	(153,599)	47,004	272,574	221,785	76,089	43,607	41,066	37,046	19,872
Total Assets ($000)	1,826,275	1,948,972	1,423,396	1,359,131	1,170,409	985,353	869,350	864,162	862,875	756,327
Shareholders' Equity ($000)	1,069,619	1,288,536	951,076	966,574	758,926	606,021	552,491	539,764	509,819	614,345
Long Term Debt ($000)	-	-	-	-	-	-	-	-	-	-
Current Ratio	4.0	7.1	3.4	3.1	1.5	1.8	3.6	3.8	5.2	4.0
Liquid Ratio	2.9	6.0	2.1	2.2	0.8	1.0	2.1	2.3	3.1	1.9
Gearing Ratio (%)	-	-	-	-	-	-	-	-	-	-
Interest Cover (times)	(156.7)	(177.9)	47.8	33.5	5.6	7.79	6.3	6.5	4.7	48.0
Return on Shareholders' Equity (%)	(20.5)	(11.9)	4.9	31.6	29.2	13.1	8.0	7.6	7.3	3.2
Earnings Per Share (cents)	(42.3)	(29.7)[2]	24.6	142.9	116.3	39.9	22.9	21.5	19	10
Dividends Per Share (cents)	-	-	8.0	39.0	28.0	20.0	17.0	17.0	17.0	11.0
Payout Ratio (%)	-	-	32	27	24	28	74	80	88	106
Share Price ($) closing	1.27	1.23	11.13	23.89	19.00	19.50	20.80	10.02	6.59	3.40
Price-Earning Ratio	(3.00)	(2.54)	45.24	16.72	16.34	48.88	90.98	47.70	34.7	30.9
Dividend Yield (%)	-	-	2.96	1.42	1.47	1.03	0.82	1.70	2.58	3.24
Net Tangible Assets per Share ($)	2.07	2.49	4.99	5.07	3.98	3.20	2.90	2.80	2.67	3.22
No. of Employees	594	567	523	521	519	419	385	354	273	238
Profit After Tax per Employee ($000)	(374.5)	(270.9)	89.87	523.17	427.33	181.6	113.3	116.0	143.7	83.5
Ore Mined (million tonnes)	3.8	1.2	1.4	2.2	3.5	2.9	3.3	2.2	0.8	1.8
Ore Milled (million tonnes)	2.6	1.6	2.4	2.3	2.0	1.9	2.0	2.3	2.1	2.1
Mill Head Grade (% U_3O_8)	0.17	0.18	0.19	0.26	0.30	0.31	0.26	0.29	0.28	0.28
Mill Recovery (%)	86.2	87.9	87.2	88.3	88.2	88.2	87.5	88.3	88.8	88.3
Production (tonnes U_3O_8) – Drummed	3,710	2,641	3,793	5,240	5,339	5,412	4,748	5,910	5,137	5,065
Sales – Ranger Concentrates (tonnes U_3O_8)	2,665	3,258	4,373	5,497	5,272	5,324	5,760	5,552	5,024	5,241
Sales – Other Concentrates (tonnes U_3O_8)	558	1,908	653	-	-	-	-	136	581	18
Sales – Total (tonnes U_3O_8)	3,223	5,167	5,026	5,497	5,272	5,324	5,760	5,688	5,605	5,259

Note 1 Restated to comply with IFRS
Note 2 Post rights issue

Definition of statistical ratios

Current Ratio	= *current assets/current liabilities*
Liquid Ratio	= *(current assets-inventory-prepayments-foreign exchange hedge asset on borrowings)/(current liabilities-bank overdraft – foreign exchange hedge liability)*
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	= *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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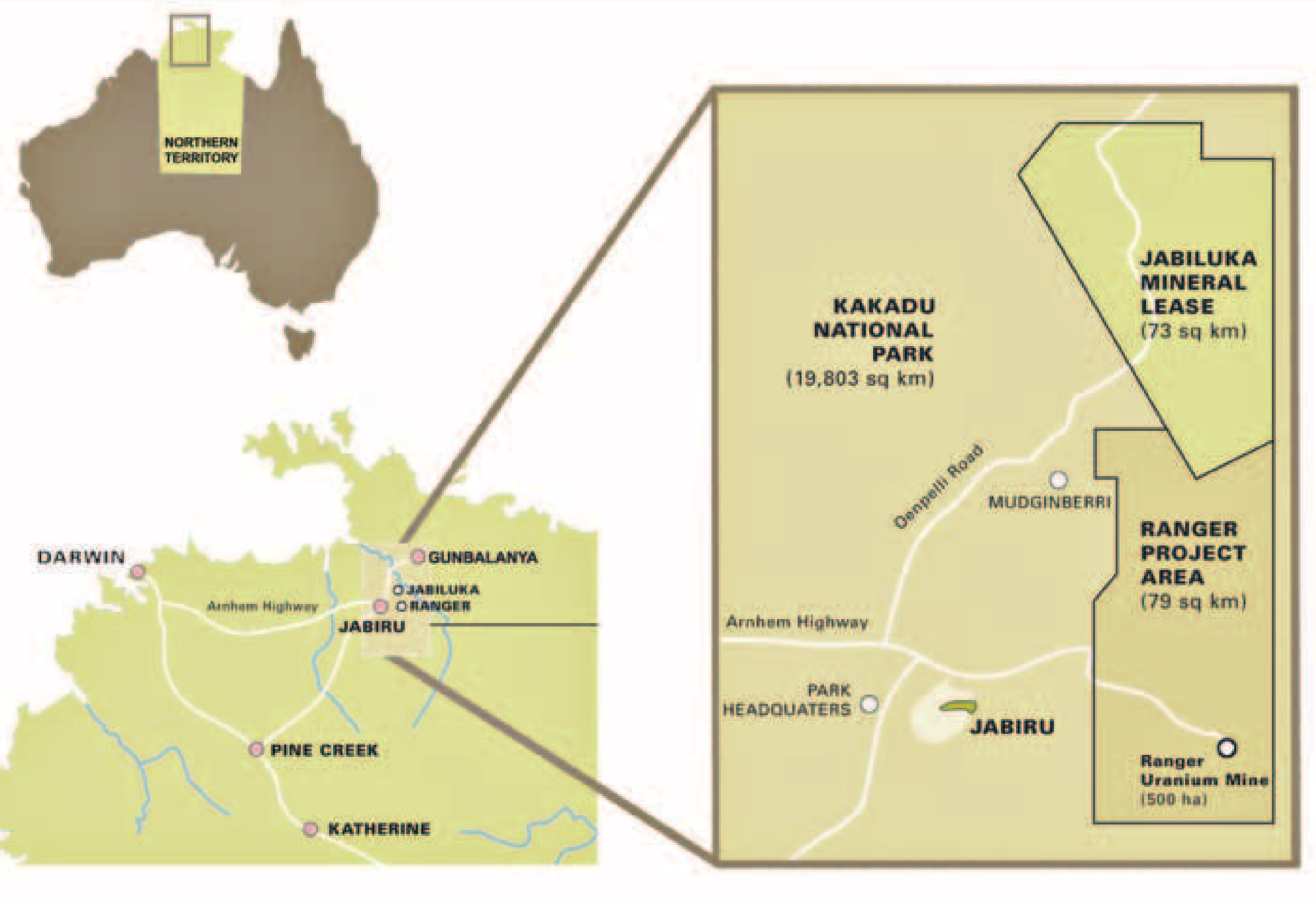
Glossary

AIFR	All Injury Frequency Rate
ANRDR	Australian National Radiation Dose Register
APA	Australian Post-Graduate Awards
ARRAC	Alligator Rivers Regional Advisory Committee
ARRTC	Alligator Rivers Region Technical Committee
AUA	Australian Uranium Association
ASX	Australian Securities Exchange
BDP	Rio Tinto Bonus Deferral Plan
EBIT	Earnings Before Interest and Tax
EPBC Act	Environmental Protection & Biodiversity Act
CCMP	Critical Control Monitoring Plan
CO2	Carbon Dioxide (greenhouse gas emission)
CWA	Compressed Working Arrangement
EBIT	Earnings Before Interest and Tax
FIFO	Fly-in, Fly-out
GJ	Gigajoule
GL	Gigalitre (1 billion litres)
GST	Goods & Services Tax
hrs	Hours
IAEA	United Nations International Atomic Energy Association
ICRP	International Commission on Radiological Protection
ISO14001	International Organisation for Standardisation – Environmental Management System Certification
km	Kilometre
LCA	Life Cycle Assessment
LTIFR	Lost Time Injury Frequency Rate
Mm	Millimetre
MOL	Maximum Operating Level
MSP	Rio Tinto Management Share Plan
mSv	Millisievert
MTD	Minesite Technical Committee
NLC	Northern Land Council
NTCE	Northern Territory Certificate of Education
Pit 1	Pit in preparation for rehabilitation
Pit 3	Pit in preparation for rehabilitation
PSP	Rio Tinto Performance Share Plan
SOP	Rio Tinto Share Option Plan
SSD	Australian Government's Supervising Scientist Division
SSP	Rio Tinto Share Savings Plan
TSF	Tailings Storage Facility
TSR	Rio Tinto Total Shareholder Return
U_3O_8	Uranium Oxide
WAC	West Arnhem College
WNA	World Nuclear Association

Corporate Directory



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