ERA

Fuelling the future

Annual Report 2008

Energy Resources of Australia Ltd
ABN 71 008 550 865

Contents

COMPANY PROFILE

Energy Resources of Australia Ltd (ERA) is one of the largest uranium producers in the world, producing eleven per cent of the world's mined uranium production.

Since 1980, the Company has mined ore and produced uranium oxide at its Ranger mine 260 kilometres east of Darwin in Australia's Northern Territory. ERA sells its product, drummed uranium oxide, to power utilities in Asia, Europe and North America under strict international and Australian Government safeguards.

The Company aims to secure profitable contracts for material produced from Ranger for the life of its operations.

ERA also holds title to the Jabiluka deposit, situated 22 kilometres north of Ranger. This project is under long term care and maintenance and will not be developed by ERA without the consent of the Mirarr Traditional Owners.

The Ranger Project Area and the Jabiluka lease are located on Aboriginal land. The conditions for mining at Ranger and Jabiluka are set out in agreements made by the Northern Land Council on behalf of the Mirarr Traditional Owners under the Federal *Aboriginal Land Rights (Northern Territory) Act.*

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

VISION AND VALUES

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

- The paramount importance of the safety and wellbeing of our people
- Creation of value for our shareholders
- Building of partnerships with our customers, aiming to exceed their expectations
- Caring for our surrounding environment through exemplary management systems and commitment to the principles of sustainable development
- Respecting the culture and aspirations of Indigenous people in our community, particularly the Mirarr, Traditional Owners of the land on which ERA operates
- Strengthening the culture of compliance within the regulatory framework in which we operate

2008 Highlights

2008 has been a year of significant highlights and milestones in areas of export performance, Indigenous employment, safety, exploration and preparation for expansion of processing activities.

2008 OBJECTIVES

- Continue the journey towards the goal of zero injuries
- Actively secure contracts for expanded production
- Conclude pre-feasibility studies into extensions of mining and processing operations at Ranger
- Strengthen community engagement and relationships with Mirarr Traditional Owners
- Expand Indigenous employment and training programmes to achieve target of 20 per cent by 2009
- Progress key exploration targets on the Ranger Project Area
- Increase water treatment capability
- Commission laterite plant and radiometric ore sorter projects

2008 HIGHLIGHTS

- Maintained strong safety performance
- Production of 5,339 tonnes, the third highest result on record
- Record underlying earnings of $119 million and dividends increased from 20 cents per share to 28 cents
- First sale of Australian uranium to China
- Indigenous employment increased by 46 per cent to 95 employees (18 per cent of workforce)
- Protection of the surrounding environment
- Mineral resources increased by 128 per cent at Ranger from 51 thousand tonnes of contained uranium oxide to 115 thousand tonnes
- Completion of the construction of the laterite plant and radiometric sorter
- 2008 Australian Exporter of the Year (Mining and Resources Category) and 2008 Northern Territory Exporter of the Year (Overall)

2009 OBJECTIVES

- Continue the journey towards the goal of zero injuries
- Continue drive for operational excellence so that operations continue at record production levels
- Ensure that ERA's operations do not adversely impact on the surrounding environment
- Strengthen employee engagement through strong, positive and felt leadership
- Commence treatment of process water
- Strengthen community and government engagement and relationships
- Progress studies of the leaching of low grade ore and underground mining leading to expanded operations
- Continue to expand Indigenous employment and training

ENVIRONMENTAL SUCCESS

Office of Supervising Scientist confirmed the environment around ERA's operations remains protected.

RECORD NET PROFIT

$221.8m

Up **191%** from 2007

AVERAGE REALISED PRICE

OF U_3O_8 US$/LB

Up **30%** from 2007

EXPLORATION EXPENDITURE

Up **11%** from 2007

INDIGENOUS EMPLOYMENT

46%

More Indigenous employees

MINERAL RESOURCES

Increased by 128% from 50,567 tonnes of contained uranium oxide to 115,368 tonnes.

UNDERLYING EARNINGS

Up **56%** from 2007

SALES VOLUMES

5,272t

In line with 2007 volumes

REVENUE FROM SALES OF URANIUM

$495.6m

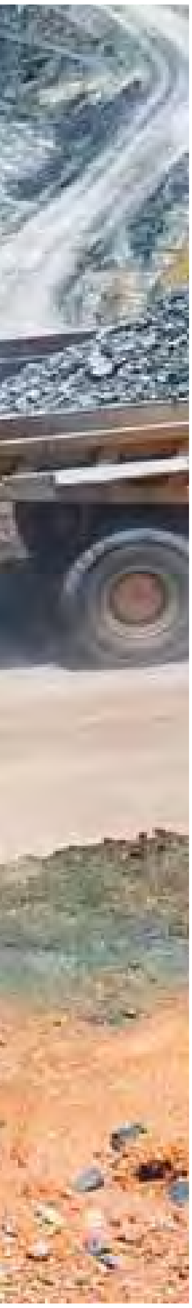
Up **39%** from 2007

First stage of the crushing circuit: Ore from the mine is crushed in the first stage of treatment.

Fuelling our future

Throughout 2008, **ERA has positioned itself well for fuelling the future** with record mining and production rates, exciting exploration prospects and an increased Indigenous work force.

Operational pit: During 2008, mining crews gained access to higher grade ore at the bottom of the pit and achieved near record production levels.



Chairman's & Chief Executive's Report

The year 2008 has seen significant milestones and achievements for ERA with record profits, major exploration success and award winning export performance.

Earnings before interest and tax were a record $318 million and net profit after tax was also a record $222 million. After adjusting for a significant insurance settlement underlying earnings of $119 million, after tax, was also a record. The total dividend declared for 2008 was a record 28 cents per share, fully franked, up from 20 cents per share in 2007.

Production of 5,339 tonnes was in line with 2007 production of 5,412 tonnes and was the third highest on record. Sales of 5,272 tonnes were also in line with 2007 sales of 5,324 tonnes. Sales revenue was $496 million (2007: $357 million) and the average realised price increased to US$32.53 per pound (2007: US$25.06) as more contracts negotiated in the improved market conditions of recent years came into effect.

The Company maintained its safety performance, recording an all injury rate of 1.01 reportable injuries per 200,000 hours worked. This was achieved during a period when there was a significant increase in the number of construction projects and associated contractors present on site. The Company remains strongly committed to achieving its goal of zero injuries and is determined to improve its safety performance.

The Commonwealth Government's Office of the Supervising Scientist confirmed that the environment remained protected against impacts from ERA's operations during the year to 30 June 2008. ERA's environmental management system was re-certified to ISO14001 by external independent auditors in 2008.

ERA's contribution to the environment extends beyond protection of the environment around the Ranger mine. Nuclear energy makes a significant contribution to the avoidance of greenhouse gas generation. ERA produces uranium with an energy content equivalent to almost 90 per cent of Australia's electricity consumption, and avoids greenhouse gas emissions estimated at 220 million tonnes per year.

ERA's contribution to the regional and Northern Territory economies continues to grow, with royalties paid via the Commonwealth Government to Indigenous groups, including the Mirarr, Traditional Owners of the land on which ERA's operations are located, increasing to $19.2 million (2007: $14.1 million) and to the Northern Territory Government to $5.7 million (2007: $4.2 million). ERA also makes a significant contribution via local purchases within the Northern Territory along with wages and salaries that it pays to employees and contractors.

ERA has made further progress in increasing Indigenous employment within the Company during 2008. At the end of the year, ERA employed 95 Indigenous Australians, a 46 per cent increase from the previous year. This represents 18 per cent of the Company's workforce. These outcomes come at a time when there is a great deal of attention being paid to policies and programmes that may assist the increase of Indigenous employment in Australia and represents a significant and practical contribution that ERA is making to this important social issue.

ERA has been actively exploring its leases over the last three years. In 2008 exploration expenditure was $15.6 million (2007: $14.1 million). In the course of its work in 2008, the Company identified a significant exploration target in the Ranger 3 Deeps area, potentially containing 30 to 40 thousand tonnes of contained uranium oxide. Approximately 18 thousand tonnes of this material has been added to resources. As a result of this further work at the Ranger 3 Deeps area, an enhanced understanding of stockpiles, and lowering of the open pit cutoff grade, resources increased from 51 thousand tonnes of contained uranium oxide to 115 thousand tonnes. This provides an excellent basis from which to evaluate future growth options.

ERA is well positioned to take advantage of the robust market for uranium and the Company made good progress on new projects during the year. The laterite treatment plant construction was completed and radiometric sorter was also completed.

Projects are continuing in 2009 that will increase the Company's production capability. The pre-feasibility assessment into the heap leaching of low grade ores will be completed in 2009. A study into the underground development options for the Ranger 3 Deeps was commenced, and in the meantime the study into expanding the Ranger pit has been put on hold. It is likely that a significant portion of the high grade mineralisation targeted in the open pit extension study may be recovered through underground mining.

ERA's ability to deal with future high rainfall events was improved by additions to Ranger water treatment and storage facilities. Pond water treatment capacity was increased by over 100 per cent and pond water treatment is proceeding well. Focus has now shifted to the treatment of process water. Storage capacity in the tailings dam is being increased with the construction of a three metre lift of the dam wall. The installation of a new tailings delivery system will be completed in early 2009.

Construction of a demonstration landform commenced in 2008 and will be completed in early 2009, providing the Company and stakeholders with an improved understanding of the best methods for rehabilitating the Ranger mine site when mining ceases.

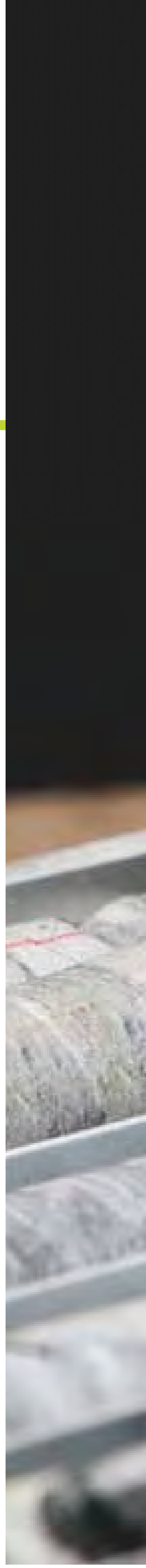
ERA has continued to work closely with the Mirarr clan, as well as other Indigenous groups in the Alligator Rivers region. The Mirarr and the Gundjeihmi Aboriginal Corporation continued to provide all new employees and contractors with a cross cultural awareness induction course and are also actively involved in environmental and cultural heritage management programmes.

In December ERA received the Minerals and Energy Award at the 2008 Australian Export Awards. The Australian Export Awards, co-presented by Austrade and the Australian Chamber of Commerce, recognise outstanding achievements in international business, and provide acknowledgement of ERA's performance in 2008.

Our performance is of course due to the efforts of all of ERA's employees and contractors. It is with sincere thanks that we recognise all of their efforts in working safely and for all that they have achieved for the shareholders and stakeholders of the Company. In review, 2008 has been another year of record achievements and we look forward to addressing the exciting challenges and opportunities for the Company during 2009 and beyond.

Record Results

ERA achieved record underlying earnings of $119 million after tax and record dividends of 28 cents per share.



Financial Performance

Earnings

ERA recorded a net profit after tax of $221.8 million for the full year ended 31 December 2008 compared with $76.1 million for the same period in 2007. Underlying earnings were $119 million. ERA received a substantial settlement from its insurers in December 2008, reflecting the impact on ERA's operations, cashflows and financing position in 2006 and 2007 of the significant property damage and interruptions to business caused by the acid plant failure and Cyclone Monica in 2006 and the extreme rainfall event in late February 2007. Prior to the settlement ERA established a US dollar financing facility and due to the weakening of the Australian dollar over the period of the drawdown incurred foreign exchange losses on repayment of the facility.

Revenue

Sales for the year were 5,272 tonnes (2007: 5,324 tonnes). Revenue from the sale of uranium oxide for the year was $495.6 million (2007: $356.5 million) while total revenue rose to $691.7 million (2007: $362.4 million). ERA settled all outstanding insurance claims from the February deluge event, Cyclone Monica and the sulphur gun failure.

ERA's contractual sale price is only partially influenced by the current market prices due to its diversified and long term sales contract portfolio. The average realised sale price of uranium oxide was US$32.53 per pound (2007: US$25.08 per pound). On 31 December 2008 the spot market price was US$52.50 per pound (2007: US$89.50 per pound).

Approximately 40 per cent of ERA's sales were made in the fourth quarter of 2008. This, and the strengthening of the US dollar against the Australian dollar in the last three months of 2008, resulted in a favourable effective exchange rate of 79.3 cents for the year against 85.5 cents for 2007.

Foreign Currency Hedges

The Company settled US$44 million (2007: US$40 million) in forward exchange contracts during the year at an average A$:US$ exchange rate of 65 cents (2007: 65 cents) resulting in a gain of $18.5 million (2007: $12.9 million). No new currency exchange contracts were entered into during the year.

Costs

While revenues rose as a consequence of the rise in the average realised price, this was partially offset by a rise in employee and contractor numbers and associated costs, and increased expenditure on key consumables, particularly diesel, sulphuric acid, lime and manganese dioxide. ERA incurred increased costs associated with the removal of water from the operational pit. In addition, costs associated with the pre-feasibility study into Ranger expansion options were expensed.

Dividends

ERA Directors declared a final dividend for the year of 20 cents per share, fully franked at 30 per cent. The record date for the dividend was 13 February 2009 and it was paid on 27 February 2009. This was in addition to the interim dividend paid on 9 September 2008 of 8 cents per share. The total dividend paid to shareholders for the year was therefore 28 cents per share, fully franked (2007: 20 cents per share).

RECONCILIATION OF NET EARNINGS TO UNDERLYING EARNINGS		2008 $M	2007 $M
Profit for the Year		**222**	76
Exclusions from underlying earnings			
Insurance recovery	**132**		
Exchange gains/(losses) on US dollar debt	**(29)**		
Total excluded from underlying earnings		**103**	
Underlying earnings		**119**	76

Financial Highlights

YEAR ENDED 31 DECEMBER	2008	2007	CHANGE %
Revenue ($ million)	**691.7**	362.4	+91
Earnings before interest and tax ($ million)	**318.0**	108.0	+194
Net profit after tax ($ million)	**221.8**	76.1	+191
Underlying earnings ($ million)	**119.0**	76.1	+56
Total dividends (cents per share)	**28.0**	20.0	+40
U_3O_8 production (tonnes drummed)	**5,339**	5,412	–1
U_3O_8 production (thousand pounds drummed)	**11,771**	11,931	
Total tonnes U_3O_8 sold	**5,272**	5,324	–1
Total pounds U_3O_8 sold (thousands)	**11,622**	11,737	

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

Secrets of the earth revealed: Drill core samples are carefully re-assembled to provide detailed information about the size and location of the Ranger ore body.

Strong operations

ERA's **core strength** lies in its ability to **safely and effectively mine** and produce primary uranium oxide and **2008 has been a record year.** Ore mined in 2008 **increased by 21 per cent** on 2007 results while uranium oxide production was the third highest on record at 5,339 tonnes.

Production

Processing Operations

A total of 5,339 tonnes of uranium oxide was produced, the third highest production output on record and in line with production from 2007 (5,412 tonnes). Production in the second half was 27 per cent higher than the first half as grade improved significantly once access to higher grade ore at the bottom of the pit was restored in the middle of the year.

Mill throughput has progressively lifted each quarter. Improved crushing and grinding operations effectively dealt with increasing ore hardness as the pit deepened and lifted mill rates for the year to 2.0 million tonnes. By addressing equipment reliability issues through targeted maintenance campaigns, plant availability and utilisation has steadily improved throughout the year.

Mining Operations

Material movement for the year totalled 20.2 million tonnes (2007: 9.5 million tonnes), up 112 per cent from 2007 and represents a new record for the Company. This performance was achieved with the commissioning of new trucks and other mining equipment as part of the pit expansion announced in September 2007 and strong operational performance of the existing fleet.

Between February and June 2008 access to some parts of the pit was limited by seasonal rainfalls, limiting access to high grade ore located at the bottom of the pit.

Improved mining capacity and more effective water removal capabilities makes Ranger mine operations well placed for 2009 and beyond.

Major resources confirmed: In 2008, ERA's exploration drilling programme at Ranger 3 Deeps confirmed additional resources of uranium ore.

Future supply

The Ranger ore body is world class, and ERA's exploration programme in 2008 confirmed that **resources are more than double previous estimates.** Resources of contained uranium oxide are now estimated at 115,368 tonnes, up from 50,567 tonnes. The Jabiluka project remains under long term care and maintenance.

Exploration

During 2008, ERA continued its exploration efforts on the Ranger Project Area with exploration expenditure increasing to \$15.6 million, up from \$14.1 million in 2007.

Drilling focused on extensions of the Ranger 3 orebody, adjacent to and to the east of the operating pit to test northern extensions of the previously drilled mineralisation at depth (Ranger 3 Deeps). This area and other near mine targets will form the focus of exploration during 2009.

There was a 128 per cent increase in the Ranger resource from 51 thousand tonnes of contained uranium oxide to 115 thousand tonnes. This was a result of a successful exploration programme at Ranger 3 Deeps, lowering of the cutoff grade from 0.08 per cent uranium oxide to 0.02 per cent for material that has the potential to be mined by open pit operations and a detailed review of the Ranger resource model.

Of the 115 thousand tonnes of uranium oxide in resources, 34 thousand tonnes of this is associated with the Ranger 3 Deeps project.

Jabiluka Reserves and Resources

The Jabiluka project remains under long term care and maintenance. Mining will not proceed without the consent of the Mirarr Traditional Owners.

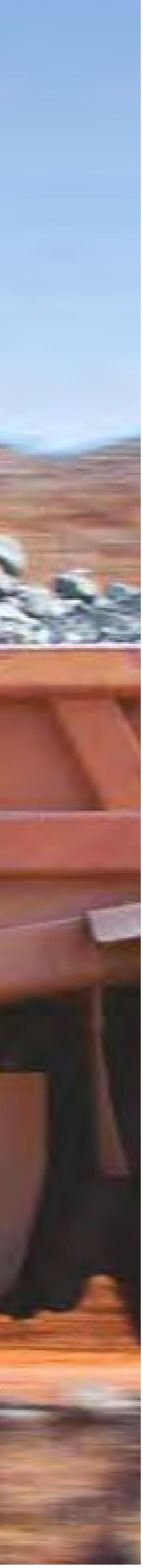
The reserves at Jabiluka increased during the year to 67,700 tonnes of contained uranium oxide as a result of optimisation of the existing mine plan, including stope design, following the extensive review of the resource model carried out during 2007. This led to a reduction in the resources at Jabiluka as some of the material previously classified as resources was converted to reserves.

Ranger reconciliation

	CONTAINED U_3O_8 (TONNES)
Reserves as at 1 January 2008	**49,671**
Reserves depleted by processing	**(6,056)**
Variation from model	**351**
Reserves as at 31 December 2008	**43,966**

Note: This is the summary level of 2008 Annual Reserve Statement reconciliation to 2007 Annual Statement.

World class resources



ERA Ore Reserves & Mineral Resources

	AS AT 31 DECEMBER 2008			AS AT 31 DECEMBER 2007		
	CUTOFF GRADE – IN SITU ORE 0.08% U_3O_8 STOCKPILE ORE 0.06% U_3O_8			CUTOFF GRADE – IN SITU ORE 0.08% U_3O_8 STOCKPILE ORE 0.06% U_3O_8		
	ORE (MT)	% U_3O_8	t U_3O_8	ORE (MT)	% U_3O_8	t U_3O_8
Ranger ore reserves						
Current Stockpiles	**22.29**	**0.11**	**25,452**	20.33	0.12	23,740
Ranger No. 3 Pit						
In situ						
Proved	**4.66**	**0.24**	**11,109**	4.84	0.22	10,857
Probable	**3.24**	**0.23**	**7,405**	6.93	0.22	15,074
Sub-total Proved and Probable Reserves	**7.90**	**0.23**	**18,514**	11.77	0.22	25,931
Total Ranger No. 3 Stockpiles, Proved and Probable Reserves	**30.19**	**0.15**	**43,966**	32.11	0.15	49,671

	CUTOFF 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			CUTOFF GRADE – IN SITU ORE 0.08% U_3O_8 STOCKPILE ORE 0.06% U_3O_8		
Ranger mineral resources IN ADDITION TO THE ABOVE RESERVE						
Current Mineralised Stockpiles	**36.00**	**0.05**	**17,506**	12.03	0.06	7,680
In situ resource						
Measured	**24.48**	**0.08**	**20,112**	2.56	0.15	3,894
Indicated	**61.67**	**0.11**	**69,601**	13.49	0.15	20,235
Sub-total Measured and Indicated Resources	**122.16**	**0.09**	**107,219**	28.08	0.11	31,809
Inferred Resources	**6.10**	**0.13**	**8,149**	14.31	0.13	18,759
Total Resources	**128.26**	**0.09**	**115,368**	42.39	0.12	50,568

	AS AT 31 DECEMBER 2008			AS AT 31 DECEMBER 2007		
	CUTOFF GRADE 0.20% U_3O_8			CUTOFF 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**	11.80	0.50	59,000
Total Proved and Probable Reserves	**13.80**	**0.49**	**67,700**	11.80	0.50	59,000
Jabiluka mineral resources IN ADDITION TO THE ABOVE RESERVE						
Measured	**0.24**	**0.48**	**1,140**	0.34	0.49	1,660
Indicated	**4.30**	**0.36**	**15,300**	4.71	0.43	20,053
Sub-total Measured and Indicated	**4.54**	**0.36**	**16,440**	5.05	0.43	21,713
Inferred Resources	**10.90**	**0.53**	**57,500**	10.13	0.54	54,690
Total Resources	**15.44**	**0.48**	**73,940**	15.18	0.50	76,403

Rounding differences may occur.

As required by the Australian Stock 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 report that relates to Ranger and Jabiluka Mineral Resources or Ore Reserves is based on information compiled by Geologists Greg Rogers (a full time employee of Energy Resources of Australia) and Arnold van der Heyden (a fulltime employee of Hellman & Schofield Pty Ltd and consultant to Energy Resources of Australia) and Mining Engineer John Murphy (a full time employee of Energy Resources of Australia) who are all members of the Australasian Institute of Mining & Metallurgy.

Greg Rogers, Arnold van der Heyden 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, Arnold van der Heyden and John Murphy consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Foundations for our future

Projects

During 2008 a number of major projects were undertaken to increase production and minimise business interruption arising from extreme rainfall events. These projects included the laterite treatment plant, the radiometric sorter, the tailings dam lift, a doubling of pond water treatment capacity, a land form trial and a tailings delivery system. Work will continue on the water treatment plant and the landform trial into first quarter 2009. The Ranger expansion project studies continue with Northern Territory and Commonwealth approvals processes commencing in 2009 for a heap leach facility, and separately for an exploration decline.

Construction of the laterite plant was completed in the fourth quarter of 2008 at a total cost of $44 million. The laterite plant will treat stockpiled laterite ore unable to be processed through the existing mill circuit. The plant is expected to increase production by 400 tonnes of primary uranium oxide per annum, over a six to seven year period.

The radiometric sorting plant was commissioned in the fourth quarter of 2008 and over the life of mine will upgrade 350 thousand tonnes of low grade ore per annum to produce around 1,100 tonnes of primary uranium oxide. The facility was constructed at a cost of $19 million.

Water Treatment

During 2008 ERA spent $16.5 million to more than double the Company's pond water treatment capacity. A further $11.5 million was committed to upgrade the lime softening circuit to enable the treatment of process water and this work is scheduled for completion in the second quarter of 2009.

Tailings Storage

The potential storage capacity of the existing tailings facility will be increased by raising the dam wall by three metres at a cost of $29 million. The first stage of the lift (to two metres) was largely completed in December 2008 with the remaining one metre lift scheduled to be completed in 2009. Final construction will be complete by June 2009.

A new tailings delivery system that incorporates primary, secondary and tertiary containment as a design feature was also constructed at a cost of $17 million. From 2009, all tailings will be pumped to the tailings storage facility allowing Pit 1 to be closed out and rehabilitated. The Pit 1 closure plan will be submitted to stakeholders for review in 2009.

Ranger Expansion Project

The primary focus of ERA's Ranger expansion project is to sustain production levels beyond the current operating plans. The opportunities to do this arise from the treatment of stockpiled resources previously regarded as uneconomic, low grade in situ resources within the present pit and the mining of high grade ore from Ranger 3 Deeps.

The heap leach project is proceeding through pre-feasibility assessment and is targeting the production of 15 to 20 thousand tonnes of uranium oxide from a heap leach facility with a nominal treatment capacity of 10 million tonnes of low grade ore per annum.

Following stakeholder consultations in 2008, ERA will commence the statutory approval process in 2009.

Approval processes for a separate study to evaluate the potential underground development of the Ranger 3 Deeps project will also proceed in 2009.

ERA had previously considered a further expansion of the operating pit targeting 8,000 tonnes of contained uranium oxide but put this project on hold in preference to exploring the underground development option. Further guidance on the optimal development option will be provided following the completion of the studies into Ranger 3 Deeps.

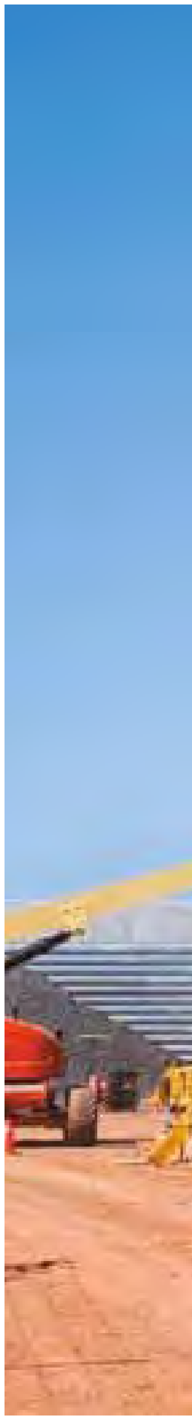
Marketing

The gradual decline in spot prices that began in 2007 continued throughout much of 2008, accelerating early in the fourth quarter due to inventory liquidations. The spot market price for primary uranium oxide fell from a high of US$89.5/lb at the beginning of the year to a low of US$45.5/lb in October, before rallying again in November and finishing the year at US$52.5/lb.

Much of the decline can be attributed to the impact of speculative investors in the physical market for the first time. Following the sharp rise in spot prices that occurred in the first half of 2007, utility demand became more discretionary and speculators began liquidating their near term stocks, leading to a 50 per cent drop in spot prices from mid 2007 to mid 2008. By October 2008, many hedge funds and speculators, who were holding significant quantities of physical uranium, were forced to aggressively liquidate their positions in a weak market. The sudden surplus of available material and absence of near term utility demand caused prices to fall considerably. The market recovered late in the year as market participants digested the likely impact of price movements on the supply side.

ERA sells the majority of its product into the long term market. Published long term uranium prices also fell in 2008, but not as drastically as the short term market and with much less volatility. The long term market price, which impacts most of ERA's sales contracts, declined from US$95/lb at the beginning of the year to US$70/lb by December.

Despite the general decline in market prices, ERA's average realised price increased in 2008 due to the effect of new contracts. However, it continues to lag the underlying market prices due to the damping effect of a number of long term contracts containing fixed prices or ceilings signed when the uranium price was considerably lower. These "legacy" contracts will continue to expire and will be replaced by higher priced contracts over the next few years.

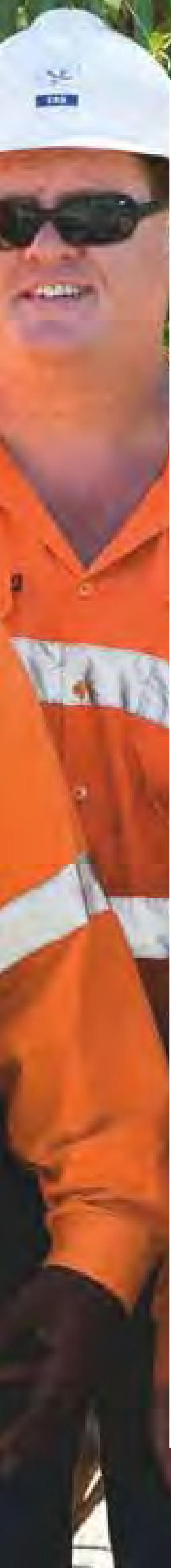


The **completion of key construction projects** and significant progress on other major initiatives **sets a firm foundation for future success** in supplying uranium oxide throughout North America, Europe and Asia. These projects and initiatives ensure production efficiency, access to new resources, sound environmental management and secure, reliable product delivery.

Laterite plant: The new laterite plant is designed to process uranium ore which has a high proportion of clay minerals.

Fuelling opportunities

Grounds Maintenance Crew: Left to right: Brendan Lewis, Victor Liddy, Darryl Tambling (Grounds Maintenance Co-ordinator), Ben Davies.



ERA is committed to provide employment opportunities for Indigenous people, and women. ERA's employment success in 2008 is reflected in reduced turnover, the highest ever levels of Indigenous employment, and **maintaining a reputation as an employer of choice.**

Employees

ERA's employee numbers increased from 419 at the end of 2007 to 519 at the end of 2008.

Employee turnover was 16 per cent in 2008, which is down from 20 per cent in 2007. While the impact of the global financial crisis may be easing the previously acute shortage in skilled and professional recruits, ERA implemented a number of programmes to improve the recruitment and retention of its employees. These have ranged from ERA's role in supporting Jabiru's sustainability and health as a community; consulting with employees through detailed surveys to identify ways to more effectively engage and work together and incentive programmes for employees to promote the Company to their friends and colleagues in the industry.

ERA is committed to increasing the diversity of its workforce and has active programmes in place to increase Indigenous employment and the employment of women.

In 2008, ERA recorded its highest ever number of Indigenous employees. At year's end, the number of Indigenous employees was 95, 46 per cent up from last year's figure of 65 and double that of 2006. Indigenous Australians are employed across the Company, both at Ranger and in Darwin, and in a variety of roles from trainee to manager.

The Company has used traineeships, a job sharing programme, apprenticeships, work experience training, school based trainees and a careers expo to raise awareness about the employment opportunities within ERA.

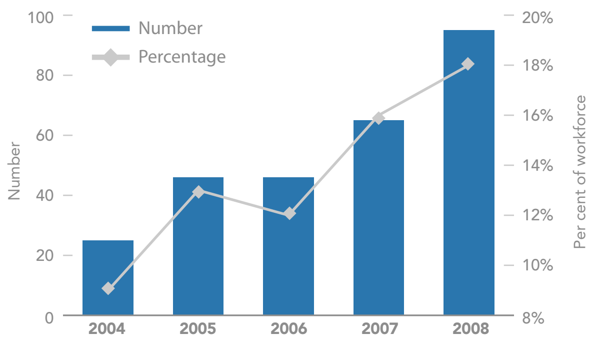
One of the strategies put in place to promote local Indigenous employment was to engage with the nearby Gunbalanya community.

A team of nine trainees was engaged to work within processing operations in July 2008, with the goal of taking up ongoing employment after a 12 month traineeship.

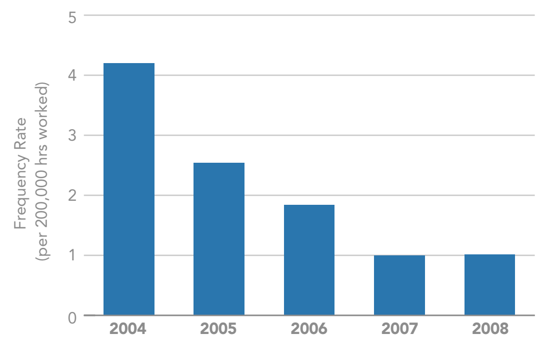
Indigenous employees now make up 18 per cent of ERA's workforce. The Company is well on the way towards achieving its goal of 20 per cent of the work force being of Aboriginal descent by the end of 2009.

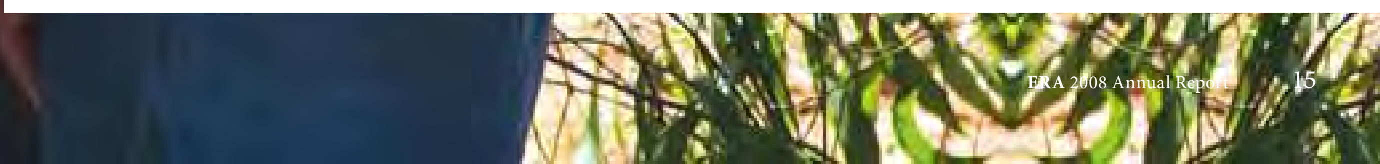
ERA continued to promote and provide opportunities for women to enter its workforce. Currently, 20 per cent of the Company's employees are women, occupying roles ranging from truck drivers, to health and safety specialists, plant operators and managers. For the fourth year in a row, ERA's efforts in providing opportunities for women have been recognised by being designated an "Employer of Choice for Women" by the Commonwealth Government. ERA is one of only two companies in the mining industry to be recognised in this way.

Indigenous Employees



All Injury Frequency Rates

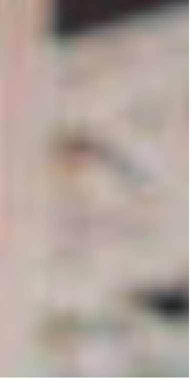




Fuelled by responsibility

ERA operates responsibly within the local area and more broadly in the Northern Territory **through programmes and initiatives** designed to increase community engagement, deliver outstanding environmental performance, conform to stringent health and safety regimes, raise cultural awareness and protect and manage cultural heritage.

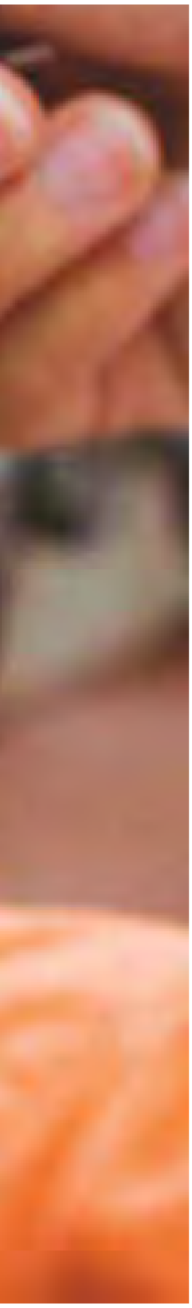
Radiation monitoring: Alpha Spectrometers are used to analyse dust filter pads from radiation monitoring equipment worn by designated ERA workers.



Sustainable Development

ERA's sustainable development programmes support our commitment to:

- ensuring that no one comes to any harm while working for ERA;
- minimising the impact of operations at Ranger so that the land can be productively used after mining;
- consulting and engaging with local communities and stakeholders in a transparent, inclusive and appropriate manner; and
- providing an ongoing contribution to biodiversity in the region through research and the implementation of effective management programmes.



In 2008, ERA in conjunction with the Commonwealth Department of Climate Change, sponsored the Kakadu National Park Climate Change Symposium. This symposium brought national and international experts together to advance understanding of climate change science, and to address the issues of Park management from the perspectives of resilience and adaptation.

The Company recognises that a key aspect of its commitment to sustainable development is responsible long term planning for mine closure. A practical example of this approach, construction of a landform trial at a cost of $6.7 million is underway to test and monitor the effectiveness of rehabilitation and revegetation concepts well ahead of mine closure. ERA continues to update its annual plan of rehabilitation, as well as its mine closure model, and to work closely with its stakeholders to ensure adequate resources are available for effective mine site remediation and management.

Safety and Health

ERA maintained its 2007 safety performance in 2008 with all injuries being reported at 1.01 reportable injuries per 200,000 hours worked, compared to a result of 1.00 in 2007.

Recognising that positive safety behaviours are vital to ensuring that everyone is able to go home safe and healthy each day, ERA has greatly increased the number of behavioural audits to engage employees and analyse the risks associated with tasks. By focusing on raising sitewide safety awareness, ERA aims to achieve greater understanding, ownership, and initiative through all levels of the Company.

A major success during the year was the ongoing improvement in contractor all injury and lost time injury frequency rates, with several major construction projects completed without a single recordable injury. Of key significance is the milestone of 100,000 injury free hours recorded on the project to increase the height of ERA's tailings storage facility.

Regular internal and external audits continue to verify the strengths of ERA's robust risk management systems and identify opportunities for further improvement.

ERA's engagement of a multidisciplinary team consisting of an occupational therapist, a nurse and a physiotherapist has greatly improved the management of injuries. Each case was thoroughly investigated and the lessons learnt were communicated in a timely manner to all employees.

In 2008, the health team focused on health and wellness programmes aimed at encouraging personal and community participation. Activities included skin cancer screening for employees and their families, hydration awareness campaigns and testing, hearing protection and manual handling training and risk assessments.

Successful emergency management exercises are an integral part of the Company's risk mitigation strategy, and continue to be regularly conducted to ensure optimum efficiency in the event of a real emergency situation. A major highlight was the success of ERA's emergency response team at the annual Northern Territory mine rescue competition, being named the overall winner and receiving several additional awards.

Radiation and Occupational Hygiene Monitoring

The radiation management system forms part of ERA's safety and health management system that was audited and certified to Australian Standard 4801.

The radiation exposure pathways at ERA's operations are comprehensively measured and reported throughout the year. The results of this monitoring are compared to limits recommended by the International Commission on Radiological Protection (ICRP) for uranium industry workers being 100 millisieverts (mSv) over five years (average of 20 mSv per year) or a maximum of 50 mSv in any one year. Employees and contractors whose roles mean they have the potential to exceed 5 mSv per year from occupational exposure to radiation are "designated" and their exposure monitored closely. There are 301 designated workers at the Ranger operation and they received a mean radiation dose of 1.3 mSv during 2008. The graph shown opposite depicts the mean annual radiation dose assessed for designated workers working throughout the operation in comparison with the recommended limits.

Workers at the mine site who are not 'designated' are subject to the same dose limits as designated workers and in 2008 the maximum dose was 0.6 mSv, compared to the maximum annual exposure of 50 mSv. The potential exposure of Jabiru residents and surrounding communities is also monitored, and the contribution from the Ranger mine was assessed as 0.0 mSv in 2008. The natural background in the area is 2-3 mSv. A radiation practice must not expose members of the public to more than 1 mSv per year above natural background under ICRP recommendations.

The United Nations (UN) scientific committee on the effects of atomic radiation reports (2000 report to the UN General Assembly) that the: *"worldwide annual exposures to natural radiation sources would generally be expected to be in the range 1 to 10 mSv, with 2.4 mSv being the present estimate of the central value"*.

ERA made further improvements to its occupational hygiene programmes. A database of occupational hygiene data has been established to further characterise the potential health risks that employees face. These parameters include dust exposures, welding fumes, volatile organic compounds, diesel particulates, legionella bacteria, gas and vapours and personal noise.

Other programmes undertaken include assessing personal protective equipment to ensure that it is fit for purpose, analysing and measuring the impact of vibration on workers and assessing the effectiveness of hearing protection for employees.

Nurturing the future

ERA delivers **best practice in water management,** biodiversity action planning and product stewardship. In 2008, independent monitoring confirmed our operations had **no impact on Kakadu National Park,** and we worked with Traditional Owners on land management and rehabilitation plans.

Environment

In 2008, ERA maintained international certification (ISO14001) of its environmental management system, and was recognised by independent auditors for best practice in water management, biodiversity action planning, and product stewardship. ERA's wholly owned subsidiary Earth Water Life Sciences maintained certification to ISO 9001:2000 for its quality management system and retained its Registered Research Agency status with AusIndustry (Commonwealth Government) in 2008.

The Company's comprehensive environmental monitoring programme has been independently validated by the Commonwealth regulator, the Office of the Supervising Scientist (OSS), and the Northern Territory Department of Regional Development, Primary Industries, Fisheries and Resources, and has shown that Ranger mine has had no detrimental impact on Kakadu National Park. This has been confirmed by the OSS in its report for the year ending 30 June 2008.

Throughout the 2007/08 wet season, during which the Ranger site received above average rainfall, uranium concentrations in Magela Creek were on average 1.4 per cent of the limit set by the OSS. ERA's use of a predictive water balance model for environmental protection and business planning was recognised as leading practice within the Rio Tinto Group.

Furthering ERA's successful year in weed management in 2007, a key initiative called the Jabiru Weedy Timebomb project was implemented in 2008. The project, which receives National Heritage Trust funding, involves a partnership between Gundjeihmi Aboriginal Corporation, West Arnhem Shire, Parks Australia and ERA. It aims to prevent high risk weed species found in Jabiru residents' gardens from spreading into surrounding environments. To date, it has resulted in the successful removal of ten targeted weed species from Jabiru.

The Jabiluka site remained under care and maintenance with programmes of revegetation and weed management being conducted. All water quality variables for the 2007/08 wet season were within guidelines or limits set by stakeholders to protect the aquatic environment and, according to the OSS, indicate that the aquatic environment of Ngarradj (Swift Creek) remained protected.

The impact of closure remains an integral aspect of Ranger operations and the closure model, updated in 2008, incorporates ongoing changes to operations. The closure model is an important aspect of engagement with stakeholders and regulators, ensuring that all relevant issues are addressed and agreed well in advanced of closure and rehabilitation.

As part of ERA's commitment to reducing greenhouse gas emissions, a comprehensive assessment to identify energy efficiency opportunities for the Ranger Project Area was undertaken. ERA is currently in the process of reviewing the feasibility of implementing these opportunities.

Regeneration: Thousands of tiny seedlings are grown from local seed by Kakadu Native Plant Supplies for use on ERA's large scale land form trial.

Protecting the future

Earth Water Life Sciences (EWLS), **a specialist environmental consulting business** wholly owned by ERA, **provides strategic environmental advice** to ERA and external clients.

Earth Water Life Sciences Pty Ltd

The focus of EWLS in 2008 was:

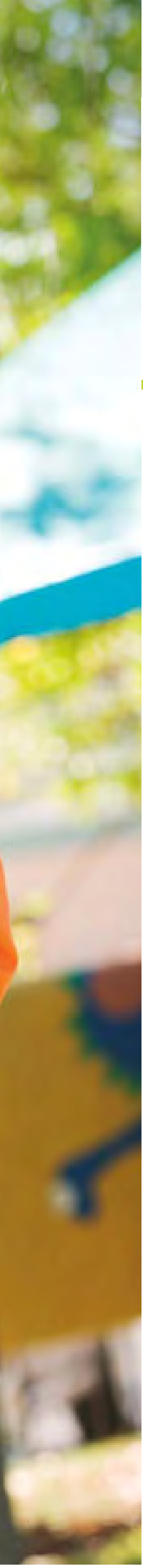
- the provision of scientific and technical data in support of:
  - an application for the modification of the existing pond water treatment plant to facilitate both pond and process water treatment
  - the construction of the new pond water treatment plant
  - the construction of a trial rehabilitation landform
  - applications to raise the tailings dam walls to provide increased storage for both process water and tailings
  - the reduction of the risk to operations due to water impacts
- the detailed evaluation of environmental monitoring data for the 2007/08 wet season at both Ranger and Jabiluka to demonstrate to regulators that water management and stockpile management have been effective in protecting the surrounding environment;
- securing an agreement on annual plans of rehabilitation and the values of rehabilitation trust funds for Ranger and Jabiluka;
- a significant focus on furthering the relationship with the Mirarr Traditional Owners by means of engagement on land management programmes including cultural heritage surveys, weed management and caring for country through traditional burning;
- further development and validation of the Ranger site water balance model as the prime means of optimising site water management; and
- the characterisation of land application areas that have been used effectively for pond water disposal during dry seasons in order to devise relevant and appropriate rehabilitation concepts for approval by regulators.

EWLS continues to represent ERA on the Alligator Rivers Region Technical Committee (ARRTC) which 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. ARRTC reports directly to the Commonwealth Minister for the Environment, Heritage and the Arts.

Water sampling: ERA graduate Nicole Smith prepares to take water samples at the constructed wetland systems which provide natural filtering processes to improve and protect water quality.

Committed to the future

Community involvement:
ERA provides support for essential community services, such as the Jabiru Childcare Centre.



To **build and strengthen our relationship with the local community,** ERA works in partnership with a range of groups to deliver a comprehensive local community relations programme, including support for students, sport, the arts, regional festivals, child care, health, business and cultural heritage.

Community Relations

A partnership approach, aimed at strengthening the ties between ERA and the local community, along with a comprehensive community relations programme delivered a number of initiatives throughout the year.

ERA continued to assist and sponsor a range of community programmes and events. In collaboration with West Arnhem Shire and Jabiru Area School, the Company is providing school based apprenticeships for Jabiru youth through the Structured Workplace Learning Programme (SWLP).

ERA also supported programmes and groups that are helping to encourage the local community to adopt a healthier lifestyle. Among them, Kidney Health Week focusing on diabetes and renal health issues, Youth Health Week, and the Gunbang Action Group, which is developing a Regional Alcohol Plan. The Company's contribution of $100,000 to Kakadu Health Service enables them to employ an additional doctor. The Company is hopeful that its contribution to improving community health will leave a positive legacy for future generations.

ERA also facilitated the reintroduction of a Chamber of Commerce in Jabiru and assisted with the organisation of key regional events, in particular the annual Mahbilil Festival in Jabiru and the Stone Country Festival held in Gunbalanya. In September, the Company held an open day to give the people of the town and region a closer view of its operations and a greater understanding of ERA's significance as a major supplier of primary uranium oxide to the world market. The event attracted over 400 people.

Other major initiatives included the:

- provision of $60,000 towards the construction of the Mudginberri Resource Centre and $70,000 towards the expansion and refurbishment of the Jabiru Childcare Centre;
- implementation of a cultural heritage management system in consultation with the Mirarr Traditional Owners; and
- improved community and cultural heritage databases and reporting systems.

The Mirarr Traditional Owners and their consultants provide cross cultural awareness courses for ERA aimed at enhancing employee understanding and appreciation of the culture and values of the Traditional Owners. In 2008, a total of 176 employees including contractors attended these courses.

To support these cross cultural courses, and give employees an understanding of the significant requirements associated with living in a World Heritage Listed National Park, new employees also attended an induction held at Kakadu National Park headquarters.

During 2008, nine archaeological surveys were conducted at the Ranger Project Area, identifying a number of sites that are significant, both in terms of their archaeological value and from the historical or cultural perspective of the Traditional Owners. Specific management plans have been agreed for these sites to ensure their ongoing protection, and these could include additional studies involving the Traditional Owners.

ERA and the Gundjeihmi Aboriginal Corporation are currently in discussion regarding the process of moving from an interim protocol for archaeological survey work to a more comprehensive cultural heritage management plan. The new plan, which will commence in 2009, anticipates incorporating a broader range of cultural heritage components relevant to the historical and contemporary history of Traditional Owners, both local and regional.

ERA makes royalty payments to the Commonwealth Government of 4.25 per cent of its net sales revenue plus an annual rental of $200,000 for use of the land. The Commonwealth Government distributes this money to Northern Territory-based Aboriginal groups, including the Mirarr Traditional Owners. An additional 1.25 per cent of net sales revenue is paid to the Commonwealth and distributed to the Northern Territory Government. In 2008, ERA's royalty expenses totalled $24.9 million (2007: $18.3 million).

In 2008, ERA contributed more than $250 thousand in partnerships, sponsorships and donations, including financial and resource support for a number of important activities occurring in the Northern Territory and more specifically for the benefit of those living in the Jabiru region:

- Kakadu National Park Climate Change Workshop
- Birds Australia – Kakadu Birding Routes
- 2008 NT Indigenous Music Awards
- NT Mines Rescue Competition
- George Chaloupka Fellowship
- NT Space School

Future outlook

Long term demand for uranium remains strong and with tighter restrictions on greenhouse gas emissions nuclear power has become critical to the global energy mix. ERA maintains a diverse contract portfolio with an international customer base and **will continue as one of the industry's longest serving and most reliable uranium suppliers.**

Directors' Outlook

As market prices have risen, the long term fundamentals for the uranium market remains strong. Although prices fell in 2008, it was the spot market that was most affected and current prices remain well above the long term trend. Overall, uranium has not been subject to as severe a downturn in demand and prices that have beset the market for many other mineral commodities.

Much of the expected new supply of uranium which was planned as a result of higher prices in recent years has not materialized. Technical challenges and financial uncertainty have affected planned expansions for existing producers and new mine supply alike.

Future uranium demand projections continue to be adjusted higher, as over 100 new reactors are now under construction, on order, or planned around the world. As governments assess their energy policies and consider the risks of climate change, nuclear power is emerging as one of the most attractive options. In addition, the need for energy independence and security, and the increasing costs of fossil fuels, are also encouraging governments and utilities to refocus on nuclear generation. Finally, public attitudes toward nuclear energy in major economies have been changing as concerns about climate change increase.

Overall, the supply and demand balance in uranium markets point to sustained higher prices in the medium term.

The most significant growth in demand for uranium in the next decade will come from China. Following the Australian government's implementation of a nuclear cooperation agreement containing full safeguards, ERA concluded the first sale of Australian uranium to China in 2008. The demand outlook is also strong from many other major economies, across Europe, Asia and North America.

A vigorous ongoing exploration programme has increased the size of Ranger resources. Technical studies of stockpiled lower grade and weathered material has led to feasible economic processing solutions and projects such as the laterite treatment plant and the radiometric sorter are complete and about to commence operation. Ongoing studies of mining and processing options will continue in 2009 and lead to further expansion. The East Alligator region in which Ranger and Jabiluka occur is one of the richest uranium provinces in the world and the Company will continue to investigate all possibilities for discovery of further resources and their development.

The future of Jabiru and the issues faced by residents of the town and surrounding areas is of great importance to the Company. As a key stakeholder in the town, ERA will participate actively on a range of social and governance issues. Engagement with the Mirarr Traditional Owners will continue and further opportunities for mutually beneficial cooperation will be explored.

ERA plays an active role in the uranium industry through the Australian Uranium Association and the Northern Territory Resources Council as well as a range of Government initiatives, including those related to Indigenous employment.

In all of its operations the Company is mindful of its obligation to protect the environment. Substantial expenditure has been incurred in 2008 in expanding and increasing the treatment facilities for pond and process water and further expenditure is planned in 2009.

ERA has made significant progress towards its goal of 20 per cent of the workforce being of Aboriginal descent by the end of 2009. The Company is committed to increasing employment levels and retention rates and improving career development options for our Indigenous workforce.

The Company will continue to work to ensure a safe and satisfying work environment for all employees and contractors. Most importantly, the Company will strive to further improve its safety performance and ensure the environment surrounding the mine remains protected.

ERA is well positioned to take advantage of the positive industry conditions and outlook, and ensure the ongoing growth in value for shareholders.

Directors' Report

The Directors of Energy Resources of Australia Ltd ("ERA") present their report together with the financial report of the Company and the consolidated financial report of the consolidated entity, being the Company and its controlled entity, **for the year ended 31 December 2008.**

Directors

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

Current Directors

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Dr D Klingner BSc(Hons), PhD, FAusIMM Chairman	Appointed as a Director in July 2004 and as Chairman in January 2005. Member of the Audit 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 Chairman of Codan Limited.
Mr R Carter CitWA, BCom, FTSE, FAusIMM, FAIM, FAICD Director	Appointed as a Director in November 1999. Chairman of the Audit Committee. Mr Carter served 37 years with the BHP Group, including as BHP Minerals Executive General Manager and Chief Executive Officer, and is a past President of the Australasian Institute of Mining and Metallurgy. Mr Carter has been director of Macmahon Holdings Limited since 2001, Chairman since December 2004, was appointed a director of Marion Energy Limited in March 2008, and served as a director and Chairman of Consolidated Minerals Limited until January 2008. Mr Carter is Chairman of Zeal Consulting, an occupational health & safety business improvement consultancy, Prahran Mission – UnitingCare, and the UCA Funds Management Group.
Prof. H Garnett BSc(Hons), PhD, PSM, FTSE, FAICD Director	Appointed as a Director in January 2005. Member of the Audit Committee. From October 2003 to 31 December 2008, Professor Garnett was Vice Chancellor of Charles Darwin University in the Northern Territory. Between 1994 and 2003, Professor 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. Professor Garnett is an Emeritus Professor of the University of Wollongong, a Fellow of the Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors. Professor Garnett is currently Director of the Business Higher Education Round Table Board and Director of the Museum and Art Gallery, NT Foundation.
Mr P Taylor BA, BSc, LLB, LLM Director	Appointed as a Director on 14 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.

Directors' Report

L to R: *Dr David Klingner, Mr Rob Atkinson, Mr Richard Carter, Prof. Helen Garnett, Mr Peter Taylor, Mr Chris Salisbury.*

Current Directors

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr C Salisbury B.Eng (with Distinction), Met Eng Director	Appointed as a Director on 1 February 2007. Mr Salisbury has served 20 years with the Rio Tinto Group in operating and management roles with the Aluminium and Energy Product Groups, and is a past president of the Northern Territory Resources Council and past Chairman of the Australian Uranium Association. Mr Salisbury joined ERA as General Manager Operations in December 2004 and served as Chief Executive from 1 February 2007 until 31 July 2008. Mr Salisbury is currently Chief Operating Officer Pacific with the Bauxite & Alumina division of Rio Tinto Alcan.
Mr R Atkinson B.Eng (Hons) Mining & Petroleum Engineering Chief Executive	Appointed as a Director on 17 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 joined ERA as Chief Executive on 8 September 2008, from the role of General Manager Operations Weipa, Rio Tinto Alcan, where from 2005 he was responsible for managing all aspects of mining and processing operations.

Previous Directors

NAME AND QUALIFICATIONS	EXPERIENCE AND RESPONSIBILITIES
Mr C Lenegan BSc(Econs) (Hons) (Lon), ACA Director	Appointed as a Director in July 2005. Mr Lenegan was Managing Director Rio Tinto Australia, and a Director of various Rio Tinto Group companies and several industry associations. Mr Lenegan resigned as a Director on 31 January 2008.

Company Secretaries

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr C Bateman B.Eng (Hons)	Appointed as a Company Secretary in July 2006. Mr Bateman has been the Company's Chief Financial Officer since 1 June 2006, having previously served in business analysis and operational management roles with the Rio Tinto Copper Group in the USA. In addition to production management and production engineering qualifications, Mr Bateman qualified as a Chartered Accountant in England & Wales in 1992.
Mr C Ritchie LLB (Hons), BA	Appointed as a Company Secretary in November 2007. Mr Ritchie is the Company's legal counsel. Before joining the Company, Mr Ritchie was employed as a lawyer by Rio Tinto Limited in Melbourne and in private legal practice in London and Melbourne since 1995.

Meetings of Directors

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

DIRECTOR	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	ATTENDED	HELD*	ATTENDED	HELD*
D Klingner	6	6	3	3
R Carter	6	6	3	3
H Garnett	6	6	3	3
P Taylor	6	6	–	–
C Lenegan	1	1	–	–
C Salisbury	6	6	–	–
R Atkinson	2	2	–	–

**Reflects the number of meetings held during the time the Director held office in the 2008 year.*

Mr Salisbury and Mr Atkinson were each invited to Audit Committee meetings and each attended all such meetings held whilst they successively held the office of Chief Executive.

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 party corporate as at 16 February 2009 are shown below:

Shares in Energy Resources of Australia Ltd		
R Carter	25,000	ordinary shares
Shares in a Related Body Corporate		
Rio Tinto Limited		
D Klingner	33,959	ordinary shares
R Carter	3,025	ordinary shares
P Taylor	4,166	ordinary shares
C Salisbury	5,658	ordinary shares
R Atkinson	2,041	ordinary shares
Options in Ordinary Shares of a Related Body Corporate		
Rio Tinto Limited		
D Klingner	4,117	
P Taylor	18,162	
C Salisbury	7,416	
R Atkinson	3,110	
Conditional Interests in Ordinary Shares of a Related Body Corporate		
Rio Tinto Limited		
P Taylor	7,968	
C Salisbury	7,262	
R Atkinson	4,171	

Remuneration Report

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

A Principles used to determine non-executive Directors' remuneration
B Principles used to determine executive remuneration
C Details of remuneration
D Executive service agreements
E Share based compensation
F 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 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. Non-executive Directors' fees and payments are reviewed annually by the Board.

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

- The responsibilities of and time spent by 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 that the aggregate remuneration for non-executive Directors of ERA would be not more than $800,000 per annum, and approved the 2007 Remuneration Report. The aggregate amount of non-executive Directors' remuneration paid in 2008 was $437,515, inclusive of statutory superannuation.

The Directors' fees were reviewed and revised by the Board in November 2008. The annual fees for non-executive Directors for 2009 will be as follows:

	2009	2008
Chairman	$135,000	$126,000
Director	$75,000	$70,000
Audit Committee Chairman	$17,000	$17,000
Audit Committee Member	$11,000	$11,000

Retirement allowances for non-executive Directors

The entering into of contracts with Directors for the provision of a retirement allowance was approved by shareholders on 18 October 1990. A retirement allowance provides benefits to certain non-executive Directors who have served for three years or less, an amount equal to the fees; or longer than three years, an amount equal to the statutory three years emoluments plus for each year or part of a year of service exceeding three years, an additional amount equal to five per cent of the statutory three years emoluments.

In April 2004, the Board resolved to remove this retirement allowance for non-executive Directors appointed after this date, and for existing Directors with accrued entitlements to freeze those entitlements until that Director retires, when it will be paid out. Non-executive Directors appointed after this date are only entitled to statutory superannuation contributions.

The Company's liability for Directors' retirement benefits, which is based on the number of years service provided at the balance date, has been included in employee entitlements.

B Principles used to determine executive remuneration

The remuneration of the Chief Executive and other key management personnel is set by reference to the wider Rio Tinto context and executive remuneration policy, which is determined by the Rio Tinto Remuneration Committee. A copy of the Company's Remuneration Policy approved by the Board can be found at the Corporate Governance section of the Company's website at http://www.energyres.com.au/investors/corporate_governance.

For the purpose of disclosures under the Corporations Act and relevant Accounting Standards, the Company's five highest paid executives below Board level and the Company's "key management personnel" apart from the executive and non-executive Directors have been determined to be the General Managers of the Company reporting directly to the Chief Executive.

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. This process includes formal consultation between the Board and the Chief Executive of the Rio Tinto Energy & Minerals Product Group regarding the Chief Executive of the Company, and between the Board and the Chief Executive of the Company regarding the senior executives. As well as base salary, remuneration packages may include fringe benefits such as medical insurance and car and other allowances, superannuation, retirement and termination entitlements and short and long term incentives.

The executive pay and reward framework is designed to provide a total remuneration package which is competitive in the market; which aligns total remuneration with delivered personal and short and long term business performance including long term shareholder value creation and performance relating to environment, safety and health; which strikes an appropriate balance between fixed and variable components; which links variable components to the achievement of challenging individual and business performance targets, and which ensures the attraction and retention of key staff.

The Company Secretaries of the Company are subject to the same executive remuneration pay and reward framework save that they are not entitled to long term performance based incentives (unless they are also key management personnel of the Company).

The executive pay and reward framework has four components:

- Base salary and benefits;
- Short term incentives;
- Long term incentives through participation in the Rio Tinto share option plan (SOP), Rio Tinto mining companies comparative plan (MCCP) 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 and performance and service related elements described in this report. The short term and long term incentives are the variable components of the total remuneration package and are therefore "at risk", as they are tied to achievement of specific measures of business performance and personal performance and service. The other components of the package are referred to as "fixed" as they are not at risk, although some, e.g. level of base salary, are also related to performance.

Excluding post employment and non-monetary benefits, the proportion of total direct remuneration provided by way of variable components related to performance, assuming maximum levels of performance, as at 31 December 2008 was approximately 60 per cent for the Chief Executive, General Manager Operations and Chief Financial Officer (of which approximately 2 per cent, 1.5 per cent and 1 per cent, respectively, consisted of options), and approximately 40 per cent for the other key management personnel (options consisting of approximately 3 per cent). The actual proportion of total direct remuneration provided by way of variable performance related components will differ from these percentages depending on measured Company and personal performance for 2008.

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. Base salary is reviewed annually and adjusted taking into account the nature of the role, external market trends and business and personal performance.

Short term incentives programme

The short term incentives programme provides bonus opportunities and is designed to support the overall remuneration policy by:

- focusing management personnel on achieving calendar year performance and service goals which contribute to sustainable shareholder value in a competitive labour market; and
- providing a significant bonus differential based on delivered performance against challenging personal, business and other targets including environment, safety and health.

For the Chief Executive only, the short term incentive bonus for the 2008 performance period will be satisfied during 2009 partly in cash (50 per cent) and partly through the deferred award of Rio Tinto shares (50 per cent). An additional bonus of 25 per cent of base salary will be added to the deferred component to provide enhanced retention in a challenging period. Half of the deferred share award will vest at the end of 2010 and half will vest at the end of 2011, subject to continued service within the Rio Tinto Group.

Short term incentives performance conditions

Individual performance is reviewed against relevant targets and objectives annually. Reflecting the intent of the short term incentives programme, all key management personnel have a significant percentage (12.5 per cent) of their performance based bonus linked to the safety performance of ERA. The financial performance of the Company constitutes at least another 22.5 per cent of the performance based bonus. The success of designated value creation projects and key strategic issues (at least 32.5 per cent) are further used to measure performance with discretionary elements (at least 20 per cent) linked to factors including underlying business performance, unplanned events and value enhancement.

Retention bonus

In December 2007, Rio Tinto introduced a retention bonus programme, which provides for bonus opportunities upon fulfilment of time based vesting conditions for senior Rio Tinto employees. This was designed to further support the Rio Tinto Group's ability to retain key staff in a competitive labour market and to mitigate against the risk to Rio Tinto of losing key senior employees with direct impacts on business performance.

Long term incentive programme

Share based remuneration dependent on performance

Rio Tinto Share Option Plan (SOP)

An annual grant of options to purchase shares (in Rio Tinto Limited and Rio Tinto plc) in the future at current market prices may be made by Rio Tinto to eligible senior management personnel within the Rio Tinto Group, including the key management personnel of the consolidated entity.

Each year, the Rio Tinto Remuneration Committee considers whether a grant of options should be made under the SOP and, if so, at what level. In arriving at a decision, the Rio Tinto Remuneration Committee takes into consideration Group remuneration approaches, personal performance as well as local remuneration practice. No grants were made to key management personnel in 2008, as set out on page 36. Instead, awards were made under the Rio Tinto MSP.

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, one third of the grant 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 granted under the 2004 plan before 31 December 2006 are subject to a single fixed base re-test five years after grant if they do not vest after the initial three year performance period. Options granted after 31 December 2006 are not subject to any re-test and will lapse if they do not vest at the conclusion of the initial 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 Watson Wyatt.

If Rio Tinto were 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 acquirer, 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 to 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.

The SOP grant made in 2006 was tested against the performance condition at the end of the performance period, which was 31 December 2008. The performance condition was achieved and these options will vest in full in March 2009.

The 2004 SOP grant was subject to a retest at the end of 2008. This will also vest in full in March 2009 based upon performance over the five year period 1 January 2004 to 31 December 2008. SOP options may, upon exercise, be satisfied by Rio Tinto through the transfer of treasury shares, the issue of new shares or the purchase of shares in the market.

Rio Tinto Mining Companies Comparative Plan (MCCP)

Rio Tinto's performance share plan, the MCCP, provides a conditional right to Rio Tinto shares to eligible senior management personnel within the Rio Tinto Group, including the key management personnel of the consolidated entity. No awards were made to key management personnel in 2008, as laid out on page 39. Instead, awards were made under the Rio Tinto MSP.

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 value available to shareholders. Prior to the vesting of conditional awards, Rio Tinto's TSR performance against the performance condition is calculated independently by Watson Wyatt.

The performance condition compares Rio Tinto's TSR with the TSR of a comparator group of other international mining companies, over the same four year period. The composition of the comparator group is reviewed regularly by the Rio Tinto Remuneration Committee to ensure that it continues to be relevant in a consolidating sector. The members of the comparator group for each conditional award is determined by the Rio Tinto Remuneration Committee prior to making the conditional award.

For the key management personnel of the company, the 2005 award will vest 100 per cent if Rio Tinto ranks first or second in the comparator group. The award will not vest if Rio Tinto ranks eighth or lower while rankings above eighth will result in vesting on a sliding scale: 16.7 per cent for seventh, 33.3 per cent for sixth, 50 per cent for fourth and 83.3 per cent for third.

If Rio Tinto were 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 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 (MSP)

In 2007, the Rio Tinto Remuneration Committee introduced a restricted share plan for senior employees of the Rio Tinto Group below director level, known as the Management Share Plan. This plan was designed to support the Rio Tinto Group's ability to attract and retain key staff in a competitive labour market.

Under the MSP, conditional grants of Rio Tinto shares may be awarded to eligible key management personnel of the consolidated entity which will vest, wholly or partly, upon expiry of a three year vesting condition. 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. The 2008 target award levels under the MSP for the Chief Executive of the consolidated entity is an award of shares with an expected value of 39 per cent of base salary, and for the key management personnel an expected value of 26 per cent of base salary.

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 key management personnel of the consolidated entity, together with all employees of ERA, may participate in Rio Tinto share savings and share option plans applicable at particular locations. These include the Rio Tinto Limited share savings plan for key management personnel employed from the Rio Tinto Limited part of the Rio Tinto Group and the Rio Tinto plc share savings plan for key management personnel employed from the Rio Tinto plc part of the Rio Tinto Group. Further details are at Note 37 to the Financial Statements.

Directors' Report

Share dealing policy

The participation of key management personnel in the Rio Tinto SOP, MCCP and MSP long term incentive plans, involving the awarding of Rio Tinto securities at a future date and any grants of shares and options under the Rio Tinto share 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. The Rules for dealing are available on the Rio Tinto website at http://www.riotinto.com/documents/Securities_trading_policy.pdf.

C Details of remuneration

Details of the remuneration of each Director and each of the other specified key management personnel in respect of their services to the consolidated entity are set out in the following tables.

Non-executive directors of Energy Resources of Australia Ltd

2008	SHORT TERM BENEFITS:			POST EMPLOY-MENT BENEFITS	
	CASH SALARY /FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	TOTAL
	$	$	$	$	$
D Klingner	**137,000**	**–**	**–**	**12,330**	**149,330**
R Carter	**87,000**	**–**	**–**	**7,830**	**94,830**
H Garnett	**81,000**	**–**	**–**	**7,290**	**88,290**
P Taylor	**70,000**[1]	**–**	**–**	**–**	**70,000**[1]
C Lenegan[2]	**5,962**[1]	**–**	**–**	**–**	**5,962**[1]
C Salisbury[3]	**29,103**[1]	**–**	**–**	**–**	**29,103**[1]
Total	**410,065**	**–**	**–**	**27,450**	**437,515**
2007					
D Klingner	122,500	–	–	11,025	133,525
R Carter	77,500	–	–	6,975	84,475
H Garnett	72,500	–	–	6,525	79,025
C Lenegan	62,500[1]	–	–	–	62,500[1]
P Taylor[4]	54,861[1]	–	–	–	54,861[1]
Total	389,861	–	–	24,525	414,386

Note 1 Amounts paid directly to Rio Tinto Limited.
Note 2 Resigned as a Director on 31 January 2008.
Note 3 Resigned as Chief Executive on 31 July 2008, thereafter a non-executive Director.
Note 4 Appointed as a Director on 14 February 2007.

Other key management personnel of the consolidated entity

2008	SHORT TERM BENEFITS			POST EMPLOY-MENT BENEFITS	SHARE BASED PAYMENTS	
	CASH SALARY /FEES	CASH BONUS	NON-MONETARY AND OTHER BENEFITS*	SUPER-ANNUATION	CASH AND EQUITY SETTLED	TOTAL
	$	$	$	$	$	$
Executive Directors						
C Salisbury[1]	**249,212**	**338,612**	**28,755**	**56,662**	**44,070**	**717,311**
R Atkinson[2]	**113,822**	**64,323**	**121,903**	**22,557**	**28,074**	**350,679**
Other Key Management Personnel						
A Milnes[3]	**263,167**	**93,780**	**29,234**	**72,447**	**21,322**	**479,950**
D Paterson[4]	**226,667**	**75,505**	**65,600**	**53,931**	**18,768**	**440,471**
C Bateman[5]	**228,179**	**307,111**	**108,090**	**13,691**	**12,139**	**669,210**
S Rajapakse[6]	**269,345**	**275,134**	**42,761**	**–**	**18,573**	**605,813**
G Sinclair[7]	**240,791**	**78,782**	**66,448**	**59,541**	**19,337**	**464,899**
Total	**1,591,183**	**1,233,247**	**462,791**	**278,829**	**162,283**	**3,728,333**

1 *Resigned as Chief Executive on 31 July 2008, thereafter continued service as a non-executive Director. 84% of performance related cash bonus was paid on achievement of 2007 performance criteria; 16% forfeited.*
2 *Appointed as Chief Executive on 8 September 2008 and as a Director on 17 September 2008. No short term incentive cash bonus was paid during 2008 in respect of 2007 service to ERA.*
3 *75% of performance related cash bonus was paid on achievement of 2007 performance criteria; 25% forfeited.*
4 *70% of performance related cash bonus was paid on achievement of 2007 performance criteria; 30% forfeited.*
5 *78% of performance related cash bonus paid on achievement of 2007 performance criteria; 22% forfeited. The Company also incurred tax equalisation costs, but these have not been disclosed as remuneration.*
6 *77% of performance related cash bonus paid on achievement of 2007 performance criteria; 23% forfeited. The Company also incurred tax equalisation costs, but these have not been disclosed as remuneration.*
7 *74% of performance related cash bonus paid on achievement of 2007 performance criteria for ERA; 26% forfeited.*
Note Non-monetary and other benefits includes relocation, accommodation and other allowances and other employment related benefits.*

2007	SHORT TERM BENEFITS			POST EMPLOY-MENT BENEFITS	SHARE BASED PAYMENTS	
	CASH SALARY /FEES	CASH BONUS	NON-MONETARY AND OTHER BENEFITS*	SUPER-ANNUATION	CASH AND EQUITY SETTLED	TOTAL
	$	$	$	$	$	$
Executive Directors						
H Kenyon-Slaney[1]	38,706	240,840	88,062	–	144,985	512,593
C Salisbury[2]	350,578	134,759	143,380	58,530	160,686	847,933
Other Key Management Personnel						
D Gibson[3]	68,850	77,613	41,997	29,525	35,137	253,123
A Milnes[4]	246,000	89,607	27,876	51,396	83,052	497,931
D Paterson[5]	214,583	70,841	86,831	59,373	76,068	507,696
C Bateman[6]	195,150	81,227	105,702	12,306	63,565	458,504
S Rajapakse[7]	300,063	8,868	81,360	–	52,194	442,485
G Sinclair[8]	149,831	–	62,635	28,468	–	240,934
Total	1,563,761	703,755	637,843	239,598	615,687	3,760,644

1 *Resigned as Chief Executive and as a Director on 31 January 2007. 79% of performance related cash bonus was paid on achievement of 2006 performance criteria; 21% forfeited. The Company also incurred tax equalisation costs, but these have not been disclosed as remuneration.*
2 *Appointed as Chief Executive and as a Director on 1 February 2007. 74% of performance related cash bonus was paid on achievement of 2006 performance criteria; 26% forfeited.*
3 *Resigned on 30 April 2007. 79% of performance related cash bonus paid on achievement of 2006 performance criteria; 21% forfeited.*
4 *78% of performance related cash bonus was paid on achievement of 2006 performance criteria; 22% forfeited.*
5 *71% of performance related cash bonus was paid on achievement of 2006 performance criteria; 29% forfeited.*
6 *80% of performance related cash bonus paid on achievement of 2006 performance criteria; 20% forfeited. The Company also incurred tax equalisation costs, but these have not been disclosed as remuneration.*
7 *Appointed on 22 January 2007. No performance related cash bonus was paid in respect of 2006 service to ERA. The Company also incurred tax equalisation costs, but these have not been disclosed as remuneration.*
8 *Appointed on 1 May 2007. No performance related cash bonus was paid in respect of 2006 service to ERA.*
Note Non-monetary and other benefits includes relocation, accommodation and other allowances and other employment related benefits.*

D 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 term incentive programme including bonus opportunities upon achieving performance and service goals and performance related share plans within the wider Rio Tinto context. The agreements may also provide for other benefits, including: medical insurance; vehicle and accommodation allowances; relocation allowances and expenses and travel allowances for expatriates.

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

- Notice may be worked or fully or partly paid in lieu, at Company discretion.
- Additional capped service related payments may apply.
- Pro rata short term incentive programme payments may be paid based on the proportion of the performance period worked.
- Long term incentive programme benefits may be paid or vest to the extent provided by the relevant programme.
- 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.

Other major provisions of the agreements relating to remuneration are set out below:

R Atkinson – Chief Executive from 8 September 2008

Term of agreement – Open, commenced 8 September 2008

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of $345,000 per annum. Maximum short term incentive bonus upon meeting performance criteria is 70 per cent of base salary. Base salary and short term incentive targets are to be reviewed annually. Termination by the employee is two month's notice in writing or by the employer giving six month's notice or equivalent notice in lieu.

C Bateman – Chief Financial Officer

Term of agreement – Open, commenced 1 June 2006

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of USD$193,500 per annum. Maximum short term incentive bonus upon meeting performance criteria is 70 per cent of base salary. Base salary and short term incentive targets to be reviewed annually. Termination by the employee is one month's notice in writing or by the employer giving three month's notice or equivalent notice in lieu.

A Milnes – General Manager Environmental Strategy

Term of agreement – Open, commenced 1 July 1996

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of $266,000 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 month's notice in writing or by the employer giving three month's notice or equivalent notice in lieu.

D Paterson – General Manager Business Development

Term of agreement – Open, commenced 18 October 2004

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of $228,500 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 month's notice in writing or by the employer giving three month's notice or equivalent notice in lieu.

S Rajapakse – General Manager Operations

Term of agreement – Open, commenced 22 January 2007

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of GBP112,500 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 month's notice in writing or by the employer giving three month's notice or equivalent notice in lieu.

G Sinclair – General Manager Technical

Term of agreement – Open, commenced 1 May 2007.

Base salary (excluding superannuation, allowances and other benefits) as at 31 December 2008 of $244,000 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 month's notice in writing or by the employer giving three month's notice or equivalent notice in lieu.

C Salisbury – Chief Executive to 31 July 2008

Term of agreement – Appointed 31 January 2007, appointment ceased on 31 July 2008.

Base salary (excluding superannuation, allowances and other benefits) as at date of cessation with the Company on 31 July 2008 of $373,000 per annum. Maximum short term incentive bonus upon meeting performance criteria was 70 per cent of base salary.

E Share based compensation

Rio Tinto Share Option Plan

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	VALUE PER OPTION AT GRANT DATE	DATE EXERCISABLE
RIO TINTO LIMITED				
7 March 2003	7 March 2013	\$33.33	\$6.68	7 March 2006
22 April 2004	22 April 2014	\$34.41	\$6.17	22 April 2007
9 March 2005	9 March 2015	\$47.04	\$8.93	9 March 2008
7 March 2006	7 March 2016	\$71.06	\$17.09	7 March 2009
13 March 2007	13 March 2017	\$74.59	\$14.23	13 March 2010
RIO TINTO PLC				
7 March 2003	7 March 2013	£12.63	£2.97	7 March 2006
22 April 2004	22 April 2014	£13.29	£2.81	22 April 2007
9 March 2005	9 March 2015	£18.26	£4.09	9 March 2008
7 March 2006	7 March 2016	£27.11	£7.40	7 March 2009
13 March 2007	13 March 2017	£27.01	£6.17	13 March 2010

No options in either Rio Tinto plc or Rio Tinto Limited shares were granted by Rio Tinto to eligible key management personnel of the consolidated entity under the SOP in 2008.

Rio Tinto Mining Companies Comparative Plan

Share awards under the MCCP 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	AWARD PRICE	VESTING DATE
RIO TINTO LIMITED		
1 January 2004	\$37.20	1 January 2008
1 January 2005	\$39.12	1 January 2009
1 January 2006	\$69.00	1 January 2010
1 January 2007	\$74.79	1 January 2011
RIO TINTO PLC		
1 January 2004	£12.76	1 January 2008
1 January 2005	£15.40	1 January 2009
1 January 2006	£26.55	1 January 2010
1 January 2007	£27.55	1 January 2011

No conditional awards of either Rio Tinto plc or Rio Tinto Limited shares were made by Rio Tinto to eligible key management personnel of the consolidated entity under the MCCP in 2008. 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.

The prices for Rio Tinto Limited and Rio Tinto plc shares as at 31 December 2008 were \$37.05 and £14.88, respectively.

Rio Tinto Management Share Plan

Share awards under the Management Share Plan are granted at the discretion of the Rio Tinto Remuneration Committee in line with Rio Tinto guidelines.

Conditional awards of shares under the MSP were made by Rio Tinto to the key management personnel of the consolidated entity on 13 March 2007, vesting in January 2010 dependent upon continued employment with a Rio Tinto Group company on 31 December 2009.

Conditional awards of shares under the MSP 2008 were made by Rio Tinto to the key management personnel of the consolidated entity on 10 March 2008, vesting in January 2011 dependent upon continued employment with a Rio Tinto Group company on 31 December 2010.

The prices for Rio Tinto Limited and Rio Tinto plc shares as at 13 March 2007 were \$74.50 and £26.81, respectively; and at 10 March 2008, \$126.48 and £52.58, respectively. The prices for Rio Tinto Limited and Rio Tinto plc shares as at 31 December 2008 were \$37.05 and £14.88, respectively.

Directors' Report

Share based compensation – Rio Tinto employee share schemes

The Directors of ERA and key management personnel of the consolidated entity who elected to participate in the Rio Tinto employee share schemes as at 31 December 2008 are set out below:

R Atkinson	2004 Rio Tinto Limited scheme commencing 1 January 2005 2005 Rio Tinto Limited scheme commencing 1 January 2006
D Paterson	2006 Rio Tinto Limited scheme commencing 1 January 2007 2006 Rio Tinto Limited scheme commencing 1 January 2007
A Milnes	2005 Rio Tinto Limited scheme commencing 1 January 2006 2006 Rio Tinto Limited scheme commencing 1 January 2007 2007 Rio Tinto Limited scheme commencing 1 January 2008
G Sinclair	2002 Rio Tinto Limited scheme commencing 1 January 2003

Equity instrument disclosures relating to Directors and key management personnel

Options provided as remuneration [SOP]

No options over shares in either the parent entity or in Rio Tinto Limited or Rio Tinto plc were provided during the year as remuneration to any of the non-executive Directors of the parent entity, or any of the key management personnel of the consolidated entity.

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 and parent entity in respect of their duties as officers of the consolidated and parent entity are set out below. When exercisable, each option is convertible into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

2008

NAME	BALANCE AT START OF THE YEAR OR ON JOINING*	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR**	BALANCE AT THE END OF THE YEAR**	
					VESTED AND EXERCISABLE	UNVESTED
RIO TINTO PLC						
Key management personnel						
C Bateman	1,416	–	–	–	–	1,416
S Rajapakse	3,229	–	–	–	981	2,248
RIO TINTO LIMITED						
Chief Executive						
R Atkinson	3,110	–	–	–	–	3,110
C Salisbury[1]	7,416	–	–	–	2,488	4,928
Other key management personnel						
A Milnes	9,749	–	–	–	7,369	2,380
D Paterson	9,326	–	–	–	7,259	2,067
G Sinclair	4,173	–	–	–	2,040	2,133
Non-executive Directors***						
D Klingner	4,117	–	–	–	4,117	–
C Lenegan	38,906	–	–	1,875	24,062	16,719
P Taylor	18,162	–	(1,875)	1,875	10,450	7,712

1 Upon resignation as Chief Executive on 31 July 2008, balance of 7,416.
**Note: Where a KMP joined during the year, balance at start of the year reflects holdings at time of commencement with ERA.*
***Note: Other changes and end of year balance include changes made in relation to service within the wider Rio Tinto Group, including after ceasing with ERA.*
****Note: All balances in respect to non-executive Directors relate to service to the wider Rio Tinto Group, and not ERA.*

2007

NAME	BALANCE AT START OF THE YEAR OR ON JOINING*	GRANTED DURING THE YEAR AS REMUN-ERATION	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR**	BALANCE AT THE END OF THE YEAR**	
					VESTED AND EXERCISABLE	UNVESTED
RIO TINTO PLC						
Chief Executive						
H Kenyon Slaney[1]	27,110	–	–	7,521	16,668	17,963
Other key management personnel						
C Bateman	–	1,416	–	–	–	1,416
S Rajapakse	1,761	1,468	–	–	–	3,229
RIO TINTO LIMITED						
Chief Executive						
C Salisbury	4,667	2,749	–	–	1,153	6,263
Other key management personnel						
D Gibson[2]	1,181	862	–	–	–	2,043
A Milnes	10,538	992	1,781	–	6,207	3,542
D Paterson	8,460	866	–	–	6,242	3,084
G Sinclair	4,173	–	–	–	1,059	3,114
Non-executive Directors***						
D Klingner	42,468	–	(38,351)	–	4,117	–
C Lenegan	36,159	4,622	–	(1,875)	24,051	14,855
P Taylor	15,780	2,382	–	–	10,444	7,718

1 Upon resignation as Chief Executive on 31 January 2007, balance of 27,110.
2 Upon resignation on 30 April 2007, balance of 2,043.
**Note: Where a KMP joined during the year, balance reflects holdings at time of commencement with ERA.*
***Note: Other changes include changes made in relation to service within the wider Rio Tinto Group, including after ceasing with ERA.*
****Note: All balances in respect to non-executive Directors relate to service to the wider Rio Tinto Group, and not ERA.*

Details of remuneration: Share options

For each grant of options included in the tables on pages 36 and 37, the percentage of the available grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The options vest after three years, provided the vesting conditions are met (see page 30 above). 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					
NAME	AWARD DATE	VESTED %	FORFEITED %	FUTURE VESTING TITLE	MINIMUM TOTAL VALUE OF UNVESTED GRANT $	MAXIMUM TOTAL VALUE OF UNVESTED GRANT $
RIO TINTO PLC						
C Bateman	2007	–	–	13/3/2010	nil	18,285
S Rajapakse	2007	–	–	13/3/2010	nil	18,957
	2006	–	–	07/3/2009	nil	12,080
	2005	100	–	–	–	–
RIO TINTO LIMITED						
R Atkinson	2007	–	–	13/3/2010	nil	18,897
	2006	–	–	07/3/2009	nil	30,454
	2005	100	–	–	–	–
C Salisbury[1]	2007	–	–	13/3/2010	nil	39,118
	2006	–	–	07/3/2009	nil	37,239
	2005	100	–	–	–	–
	2004	100	–	–	–	–
A Milnes	2007	–	–	13/3/2010	nil	14,116
	2006	–	–	07/3/2009	nil	23,721
	2005	100	–	–	–	–
	2004	100	–	–	–	–
	2003	100	–	–	–	–
	2002	100	–	–	–	–
D Paterson	2007	–	–	13/3/2010	nil	13,323
	2006	–	–	07/3/2009	nil	20,525
	2005	100	–	–	–	–
	2004	100	–	–	–	–
	2003	100	–	–	–	–
	2002	100	–	–	–	–
G Sinclair	2007	–	–	13/3/2010	nil	12,736
	2006	–	–	07/3/2009	nil	21,157
	2005	100	–	–	–	–
	2004	100	–	–	–	–

1 *Upon resignation as Chief Executive on 31 July 2008, balance of 4,928 unvested share options.*

Conditional awards provided as remuneration [MCCP/MSP]

No conditional awards of ordinary shares of either the parent entity or of Rio Tinto Limited or Rio Tinto plc were provided during the year as remuneration to any of the non-executive Directors of the parent entity. No conditional awards were made under the MCCP to any of the key management personnel.

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 the consolidated and parent entity in respect of their duties as officers of the consolidated and parent entity are set out below. When exercisable, each award converts into one ordinary share of Rio Tinto Limited or Rio Tinto plc.

2008

NAME	BALANCE AT START OF THE YEAR OR ON JOINING*	GRANTED DURING THE YEAR AS REMUNERATION**	CRYSTALLISATION OF PRIOR AWARD		AWARDS CANCELLED	BALANCE AT THE END OF THE YEAR**
			VESTED	LAPSED		
RIO TINTO PLC						
Other key management personnel						
C Bateman	2,241	442	–	–	–	2,683
S Rajapakse	4,193	511	–	–	–	4,704
RIO TINTO LIMITED						
Chief Executive						
C Salisbury	8,666	1,084	(576)	(577)	–	8,597
R Atkinson	5,603	–	–	–	–	5,603
Other key management personnel						
A Milnes	5,372	386	(590)	(590)	–	4,578
D Paterson	4,929	332	(597)	(598)	–	4,066
G Sinclair	3,764	354	–	–	–	4,118
Non-executive Directors***						
D Klingner	10,673	–	(5,336)	(5,337)	–	–
C Lenegan	20,264	–	–	–	–	20,264
P Taylor	10,993	1,031	(1,012)	(1,013)	–	9,999

** Note: Where a KMP joined during the year, balance reflects holdings at time of commencement with ERA.*
*** Note: Awards granted and end of year balance does not include grants made after ceasing service with ERA.*
**** Note: All balances in respect to non-executive Directors relate to service to the wider Rio Tinto Group, and not ERA.*

Directors' Report

2007

NAME	BALANCE AT START OF THE YEAR OR ON JOINING*	GRANTED DURING THE YEAR AS REMUN-ERATION**	CRYSTALLISATION OF PRIOR AWARD		AWARDS CANCELLED	BALANCE AT THE END OF THE YEAR**
			VESTED	LAPSED		
RIO TINTO PLC						
Chief Executive						
H Kenyon-Slaney[1]	15,697	7,034	–	–	–	22,731
Other key management personnel						
C Bateman	–	2,241	–	–	–	2,241
S Rajapakse	1,761	2,432	–	–	–	4,193
RIO TINTO LIMITED						
Chief Executive						
C Salisbury	4,667	3,999	–	–	–	8,666
Other key management personnel						
D Gibson[2]	1,181	862	–	–	–	2,043
A Milnes	3,730	1,642	–	–	–	5,372
D Paterson	3,413	1,516	–	–	–	4,929
G Sinclair	3,764	–	–	–	–	3,764
Non-executive Directors* **						
D Klingner	21,634	–	(2,740)	(8,221)	–	10,673
C Lenegan	16,123	6,372	(557)	(1,674)	–	20,264
P Taylor	7,361	3,632	–	–	–	10,993

**Note: Where a KMP joined during the year, balance reflects holdings at time of commencement with ERA*
*** Note: Awards granted and balance does not include grants made after ceasing service with ERA.*
1 Upon resignation as Chief Executive on 31 January 2007, balance of 22,731.
2 Upon resignation on 30 April 2007, balance of 2,043.
**** Note: All balances in respect to non-executive Directors relate to service to the wider Rio Tinto Group, and not ERA.*

Share holdings

The number of shares held in Energy Resources of Australia Ltd or Rio Tinto Limited held during the financial year by each Director of Energy Resources of Australia Ltd and each of the other key management personnel of the consolidated and parent entities are set out below.

2008

NAME	BALANCE AT THE START OF THE YEAR*	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR**
ENERGY RESOURCES OF AUSTRALIA LTD				
Directors of Energy Resources of Australia Ltd				
R Carter	**25,000**	**–**	**–**	**25,000**
Key management personnel of Energy Resources of Australia Ltd				
G Sinclair	**–**	**–**	**150**	**150**
RIO TINTO LIMITED				
Directors of Energy Resources of Australia Ltd				
R Carter	**3,025**	**–**	**–**	**3,025**
D Klingner	**39,959**	**–**	**–**	**39,959**
C Lenegan	**1,457**	**–**	**–**	**1,457**
C Salisbury	**5,001**	**576**	**81**	**5,658**
P Taylor	**600**	**1,875**	**–**	**2,475**
R Atkinson	**2,041**	**–**	**–**	**2,041**

** Note: Where a Director was appointed during the year, balance reflects holdings at time of commencement with ERA.*
*** Note: Where a Director resigned during the year, balance reflects holdings at time of resignation as a Director of ERA.*

2007

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
ENERGY RESOURCES OF AUSTRALIA LTD				
Directors of Energy Resources of Australia Ltd				
R Carter	25,000	–	–	25,000
RIO TINTO LIMITED				
Directors of Energy Resources of Australia Ltd				
R Carter	–	–	3,025	3,025
D Klingner	5,608	38,351	(4,000)	39,959
C Lenegan	877	557	23	1,457
C Salisbury	4,971	–	30	5,001
P Taylor	600	–	–	600

F Additional information

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 28 – related parties.

Principal activities

The principal activities of the consolidated entity during the course of the year consisted of:

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

(ii) Provision of environmental consulting services by EWL Sciences Pty Ltd.

Dividends

Details of the dividends paid by ERA to members in respect of the 2008 financial year are included in the "Chairman's and Chief Executive's Report" on page 5 . As disclosed in the 2007 Annual Report, a final ordinary dividend was declared in respect of the 2007 financial year of 20.0 cents per share, fully franked at 30 per cent, totalling $38,147,586.80, paid on 29 February 2008 with a record date of 15 February 2008.

Review and results of operations

Details of ERA's review and results of operations are included in the "Chairman's and Chief Executive's Report" on page 5 and the "Financial Performance" and "Production" sections at pages 6 and 8, 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's 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 2008.

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 2008.

Directors' Report

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 financial statements.

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

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

Annual General Meeting

The 2009 Annual General Meeting will be held on 22 April in Darwin, in the Northern Territory of Australia. Notices of the 2009 Annual General Meeting are set out in separate letters to the shareholders of the Company.

Indemnification and insurance

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 Federal and 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 Primary Industry, Fisheries and Resources (Northern Territory), the Supervising Scientist Division of the Commonwealth Department of the Environment, Water, Heritage and the Arts, the Northern Land Council, the Commonwealth Department of Resources, Energy & Tourism and the Gundjeihmi Aboriginal Corporation (representatives of the Traditional Owners).

The Supervising Scientist confirmed in his most recent report, relating to the operating year to 30 June 2008, 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 2008.

Further details of ERA's environmental performance are included in the "Environment" section of the Annual Report on page 18.

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 ("Principles") developed by the Australian Stock 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 46.

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. No amounts were paid to the auditors for non-audit services.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit 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 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 satisfy themselves that the provision of non-audit services by the auditors do 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.

	CONSOLIDATED	
	2008 $000	**2007 $000**
AUDIT SERVICES		
PricewaterhouseCoopers		
Audit and review of financial reports	**278**	290
Total Remuneration for audit services	**278**	290
Taxation services	**–**	–
Non-audit services	**–**	–
Total Remuneration	**278**	290

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 45.

Signed at Melbourne this 3rd day of March 2009 in accordance with a resolution of the Directors.

Dr D Klingner
Director

Melbourne
3 March 2009

Auditor's Independence Declaration

PricewaterhouseCoopers
ABN 52 780 433 757

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SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77 Melbourne
Australia
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Telephone +61 3 8603 1000
Facsimile +61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of Energy Resources of Australia Ltd for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

Debbie Smith
Partner
PricewaterhouseCoopers
Melbourne
3 March 2009

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

Corporate governance statement for the year ended 31 December 2008

Corporate governance

The Board of ERA considers high standards of corporate governance to be critical to business integrity and performance, 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 ("Principles") developed by the Australian Stock Exchange ("ASX") Corporate Governance Council ("Council").

The Board has considered the Council's Principles, and ERA does not comply with the following recommendations:

- Recommendations 2.1 and 2.2 – There is not a majority of independent Directors nor an independent Chairman;
- Recommendation 2.4 – There is no established nominations committee; and
- Recommendation 8.1 – There is no remuneration 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 sets out the further information required by the Council's Principles at http://www.energyres.com.au/investors/corporate_governance.

The Board

Responsibilities & 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 Company'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 reviews the Board Charter on an annual basis, and a copy is available on the Company's website at http://www.energyres.com.au/investors/corporate_governance.

The Directors approve strategy and business plans and monitor the performance of the Company against these plans. The Directors also monitor 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.

Composition

The Board of ERA currently consists of six Directors, five of whom are non-executive. The Chairman is Dr D Klingner who is a non-executive Director and a former executive of Rio Tinto. Two additional non-executive Directors, Mr P Taylor and Mr C Salisbury, are current executives of Rio Tinto. Mr R Carter and Prof. H Garnett are independent non-executive Directors. Mr R Atkinson is an executive Director and holds the position of Chief Executive.

Details of the Directors, their experience, qualifications and other appointments are set out on page 25.

Qualification for Board membership is related to the mix of skills and knowledge 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 is not compliant with 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 are appropriate given the size of the Board and the Company's current ownership structure.

Non-executive Directors are subject to retirement by rotation at least every three years in accordance with ERA's constitution, but may offer themselves for re-election.

Independence

Mr R Carter and Prof. H Garnett are independent non-executive Directors.

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 the Company and all shareholders. Where contracts in the ordinary course of business exist between the Company 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 five years the Director or a close family member has been a member of executive management of the Company, 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 5 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 the Company or with a member of the Rio Tinto Group, whether as an auditor, professional adviser, supplier, or customer ("material" being more than 2 per cent of the Company's or the counterparty's consolidated gross revenue per annum).

The Board of Directors does not consist of a majority of independent Directors. This is not in compliance with Recommendation 2.1 of the Council's Principles. The composition of the Board recognises Rio Tinto's 68.4 per cent shareholding and the Board considers it appropriate that Directors associated with the majority shareholder constitute a majority of Directors on the Board.

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 D Klingner, was until 2004 a Rio Tinto executive. Whilst this may not be compliant with Recommendation 2.2 of the Council's Principles, the Board considers that Dr Klingner's appointment is appropriate recognising Rio Tinto's 68.4 per cent shareholding.

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 2008, and did not meet for any unscheduled meetings to deal with urgent issues. The Board meeting attendance details for Directors in 2008 are set out on page 27.

Performance Self Assessment

In 2008 the Board performed an annual 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 Committee and 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, the results and the adequacy and appropriateness of the self assessment process were considered and discussed by the Directors at the next Board meeting, and actions arising were agreed.

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

At the 2008 Annual General Meeting shareholders approved the 2007 Remuneration Report, and separately approved an amendment to the Company's Constitution to provide that the aggregate remuneration for non-executive Directors of ERA would not exceed $800,000 per annum.

The Board has not established a remuneration committee. The Board recognises that this is not compliant with Recommendation 8.1 of the Council's Principles. The Board considers that its existing practices in reviewing and approving remuneration arrangements, carried out in accordance with the Board Charter, are satisfactory and are appropriate given the size of the Board and the ownership by the Rio Tinto Group of 68.4 per cent of the shares of the Company and the support provided by Rio Tinto with respect to remuneration policies and procedures.

Details of the policies and procedures applied by the Company in setting director and executive fees and remuneration, and reviewing and evaluating executive performance are set out at pages 28 to 32 of the Remuneration Report and in the Remuneration Policy (copy at http://www.energyres.com.au/investors/corporate_governance). Executive performance was reviewed during the first quarter of 2008 in accordance with these policies and procedures.

Corporate Governance Statement

Audit committee

The Audit Committee is appointed by the Board and comprises three non-executive Directors, two of whom are independent including the Chairman. Two Directors constitute a quorum. The present members of the Audit Committee are Mr R Carter (Chairman), Prof. H Garnett and Dr D Klingner. The Company's Chief Financial Officer, Chief Executive, other senior financial management, external auditors and internal auditors are available to attend all meetings.

The Audit Committee Charter sets out the role and terms of reference of the Audit Committee and is reviewed regularly. The Audit Committee Charter is available at the Corporate Governance section on 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 the 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 Committee and, where they relate to Rio Tinto, by the independent members of the Audit Committee only. The Committee reviews compliance with the Corporations Act, and the requirements of the Australian Stock Exchange and other regulatory requirements.

The Audit Committee held three scheduled meetings during 2008, and attendance details of the 2008 meetings of the Audit Committee, and the qualifications and senior executive experience of the members, are set out in the Directors' Report on pages 27 and 25 respectively.

Any work to be conducted by the external auditor other than the audit is approved by the Audit Committee.

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 regularly to ensure it adequately addresses the issues facing the Company and is available for inspection on the Corporate Overview section of the Company's website at http://www.energyres.com.au/investors/corporate_overview/profile.

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 http://www.riotinto.com.

The Company has a confidential whistleblower program 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 prohibition against insider trading. The share trading policy is available for inspection at the Corporate Governance section of the Company's website at http://www.energyres.com.au/investors/corporate_governance.

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, and 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 Chairman of the Audit Committee; and
- 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.

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 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 Ernst & Young and a detailed internal control questionnaire process covering all of the Company'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 its 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.

Key material business risks and opportunities inherent to the Company's operations and the mining industry include (but are not necessarily limited to): economic conditions (and consequent fluctuations in commodity pricing, exchange rates and costs of finance); delivery of exploration and development projects; energy cost and supply; international regulation of greenhouse gas emissions; ore reserve estimates; community relationships and government regulation; land and resource tenure; rehabilitation including impacts of climatic conditions, and costs of operations including changes to input costs and an uncertain industrial relations environment.

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.

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 the 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 weaknessess, if any exist, and take prompt action if appropriate. the results of this process are reviewed by ERA's senior leadership, then presented by the Chief Executive to the Audit 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 any matter that may have a material impact on the price or value of ERA's securities is reported to the market in accordance with the ASX listing rules and the Corporations Act. A copy of ERA's Continuous Disclosure Policy is available on the Company's website at http://www.energyres.com.au/investors/corporate_governance.

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, ERA's auditor PricewaterhouseCoopers, 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 auditors via the Company. Any questions received and answers provided will be made available to members at ERA annual general meetings.

In addition, the Chief Executive and Chief Financial Officer conduct regular meetings with the Company's major investors and with analysts, and the Company organises regular investor briefings to coincide with the release of half year and full year results. ERA also reviews its web site to include up to date information released to the market, investor presentations, general investor information, publications and Company policies.

Income statements

For the year ended 31 December 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
Revenue from continuing operations	3	**504,050**	362,353	**503,221**	361,741
Other income	3	**187,699**	–	**187,699**	–
Changes in inventories		**62,881**	47,328	**62,881**	47,328
Raw materials and consumables used		**(123,706)**	(88,159)	**(123,573)**	(87,995)
Employee benefits and contractor expense		**(164,539)**	(121,816)	**(164,307)**	(121,088)
Government and other royalties	4	**(24,905)**	(18,298)	**(24,905)**	(18,298)
Commission and shipping expenses		**(9,166)**	(9,758)	**(9,166)**	(9,758)
Depreciation and amortisation expenses	4	**(47,277)**	(45,644)	**(47,186)**	(45,590)
Financing costs	4	**(56,465)**	(13,871)	**(56,468)**	(13,873)
Statutory and corporate expenses		**(11,146)**	(5,021)	**(11,018)**	(4,973)
Other expenses		**(4,857)**	(8,748)	**(4,800)**	(8,623)
Profit before income tax		**312,569**	98,366	**312,378**	98,871
Income tax expense	5	**(90,784)**	(22,277)	**(90,768)**	(22,429)
Profit for the year		**221,785**	76,089	**221,610**	76,442
Profit is attributable to:					
Equity holders of Energy Resources of Australia Ltd		**221,785**	76,089	**221,610**	76,442

		CENTS	CENTS
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic earnings per share	33	**116.3**	39.9
Diluted earnings per share	33	**116.3**	39.9

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

Balance sheet

As at 31 December 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
Assets					
Current assets					
Cash and cash equivalents	7	**106,894**	17,729	**105,999**	16,976
Trade and other receivables	8	**51,930**	131,207	**51,679**	132,258
Inventories	9	**116,374**	87,254	**116,374**	87,254
Derivative financial instruments	10	**1,705**	16,621	**1,705**	16,621
Other	11	**711**	1,201	**709**	1,202
Total current assets		**277,614**	254,012	**276,466**	254,311
Non-current assets					
Other financial assets		**–**	–	**100**	100
Inventories	12	**146,614**	107,154	**146,614**	107,154
Undeveloped properties	13	**203,632**	203,212	**203,632**	203,212
Property, plant and equipment	14	**490,851**	368,612	**490,435**	368,269
Investment in trust fund	15	**51,698**	48,088	**51,698**	48,088
Deferred tax asset	16	**–**	–	**–**	–
Derivative financial instruments	10	**–**	4,275	**–**	4,275
Total non-current assets		**892,795**	731,341	**892,479**	731,098
Total assets		**1,170,409**	985,353	**1,168,945**	985,409
Liabilities					
Current liabilities					
Payables	17	**80,094**	48,726	**78,040**	47,791
Interest bearing liability	18	**–**	55,500	**–**	55,500
Current tax liabilities		**84,864**	19,769	**84,812**	19,943
Deferred income		**–**	10,192	**–**	10,192
Provisions	19	**22,859**	9,254	**22,795**	9,244
Total current liabilities		**187,817**	143,441	**185,647**	142,670
Non-current liabilities					
Deferred tax liabilities	21	**39,783**	50,245	**39,890**	50,298
Provisions	20	**183,883**	185,646	**183,749**	185,512
Total non-current liabilities		**223,666**	235,891	**223,639**	235,810
Total liabilities		**411,483**	379,332	**409,286**	378,480
Net assets		**758,926**	606,021	**759,659**	606,929
Equity					
Contributed equity	23	**214,585**	214,585	**214,585**	214,585
Reserves	24(a)	**390,934**	406,407	**390,934**	406,407
Retained profits	24(b)	**153,407**	(14,971)	**154,140**	(14,063)
Total equity		**758,926**	606,021	**759,659**	606,929

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

Statements of changes in equity

For the year ended 31 December 2008

		CONSOLIDATED		PARENT	
	NOTES	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Total equity at the beginning of the year		**606,021**	552,491	**606,929**	552,974
Changes in the fair value of cash flow hedges, net of tax	24(a)	**(13,434)**	(2,186)	**(13,434)**	(2,186)
Net income/(expense) recognised directly in equity		**(13,434)**	(2,186)	**(13,434)**	(2,186)
Profit for the year		**221,785**	76,089	**221,610**	76,442
Total recognised income and expense for the year		**208,351**	73,903	**208,176**	74,256
Employee share options	24(a)	**(2,039)**	608	**(2,039)**	680
Dividends paid	6	**(53,407)**	(20,981)	**(53,407)**	(20,981)
Total equity at the end of the financial year		**758,926**	606,021	**759,659**	606,929

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

Cash flow statements

For the year ended 31 December 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**677,209**	352,798	**677,633**	346,122
Payments to suppliers and employees (inclusive of goods and services tax)		**(389,016)**	(244,466)	**(389,560)**	(238,376)
Payments for exploration		**(15,608)**	(9,775)	**(15,608)**	(9,775)
		272,585	98,557	**272,465**	97,971
Insurance recoveries		**187,699**	–	**187,699**	–
Interest received		**1,778**	1,087	**1,746**	1,067
Financing costs paid		**(25,932)**	(3,831)	**(25,935)**	(3,832)
Income taxes paid		**(30,394)**	(28,977)	**(30,550)**	(29,276)
Net cash inflow from operating activities	31	**405,736**	66,836	**405,425**	65,930
Cash flows from investing activities					
Payments for property, plant and equipment		**(166,817)**	(92,932)	**(166,620)**	(92,704)
Proceeds from sale of property, plant and equipment		**1,600**	195	**1,572**	172
Net cash (outflow) from investing activities		**(165,217)**	(92,737)	**(165,048)**	(92,532)
Cash flows from financing activities					
Proceeds from borrowings		**216,849**	78,500	**216,849**	78,500
Repayment of borrowings		**(313,134)**	(28,000)	**(313,134)**	(28,000)
Employee share option payments		**(1,842)**	(425)	**(1,842)**	(353)
Dividends paid	6	**(53,407)**	(20,981)	**(53,407)**	(20,981)
Net cash inflow/(outflow) from financing activities		**(151,534)**	29,094	**(151,534)**	29,166
Net increase/(decrease) in cash and cash equivalents		**88,985**	3,193	**88,843**	2,564
Cash and cash equivalents at the beginning of the financial year		**17,729**	14,629	**16,976**	14,505
Effects of exchange rate changes on cash and cash equivalents		**180**	(93)	**180**	(93)
Cash and cash equivalents at end of year	7	**106,894**	17,729	**105,999**	16,976

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

Notes to the financial statements

For the year ended 31 December 2008

1 Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with the AIFRS ensures that the financial report of ERA also complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The presentation of financial statements in conformity with AIFRS 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 Energy Resources of Australia Ltd (''Company'' or ''parent entity'') as at 31 December 2008 and the results of all subsidiaries for the year then ended. Energy Resources of Australia Ltd 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 Groups activities as described below.

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.

Rendering of services

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

Other revenue/income

Other revenue/income recognised by the Group include:

- Interest income, which is recognised on a time proportion basis using the effective interest rate method,
- Rental income, which is recognised at its contractually due date,
- Net gains on disposal of assets, which is recognised at the date control of the asset passes to the acquirer, 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 at the rates of exchange prevailing on the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change, except when deferred in equity as qualifying cash flow hedges.

(e) Financing costs

Financing costs (including interest) are included in the income statement 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.

(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.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Tax consolidation legislation

Energy Resources of Australia Ltd 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, Energy Resources of Australia Ltd, 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, Energy Resources of Australia Ltd 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 normally settled within 45 days and are carried at amounts due. The collectibility of trade receivables are reviewed on an ongoing basis and specific provisions are made for any doubtful amounts. Debts 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 cost includes both fixed and variable production costs as well as cash and non-cash charges. No accounting value is attributed to ore in situ or stockpiles containing ore at less than the assessed cut off grade. 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 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.

Non current inventories consist of stockpiled ore not expected to be processed within twelve months.

(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 costs 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 a discount rate, adjusted for risk, appropriate to the assets inherent risks.

(k) Property, plant and equipment

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 income statement during the period in which they are incurred.

Depreciation and amortisation

Depreciation of plant and equipment is provided for as follows:

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

(ii) each other asset is depreciated over its estimated operating life on a straight line basis.

The following indicates the depreciation method for buildings and plant and equipment on which the depreciation charges are based:

- Buildings – units of production 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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Leased plant and equipment

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

Mine properties

Mine properties, consisting principally of Ranger Project Rights, are amortised on a unit of production basis over the life of the economically recoverable resources of Ranger.

(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;
- 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.

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 twice per annum by management and the results of these reviews are reported to the audit 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 flow.

(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 30 days.

(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 income statement 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) 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. 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.

Each year ERA is required to submit an annual amended plan of rehabilitation, reflecting the cost of closing the mine immediately, in accordance with government regulations. The Ranger Rehabilitation Trust Fund ("trust fund") is a Commonwealth Government requirement and provides for those costs in accordance with regulations.

An annual independent assessment is made to determine the amount to be held in the trust fund. Any deficit identified is required to be met by either cash or a financial instrument if the cash balance is over $30 million. The trust fund is shown as an investment in the balance sheet as the Company does not control the trust fund. If there is a surplus identified then this may be withdrawn.

Transactions requiring cash are shown as changes to cash and investments in the balance sheet and transactions by means of a financial instrument are shown as a note to the accounts. Interest received by the trust fund is shown as interest income.

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

(q) 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 income statement.

Amounts accumulated in equity are recycled in the income statement 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 income statement.

Derivative financial instruments are not held for speculative purposes.

(r) 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 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.

For the defined benefit plans, as there is no agreement in place for charging the net defined benefit cost for the plan as a whole to the individual Rio Tinto Group entities, the Company will recognise a cost in the income statement equal to the contribution payable for the period. The cash contributions to the fund are made through reference to a percentage of base salary contribution per defined benefit employee as determined by the fund trustee and applied to those defined benefit employees of the Fund. Rio Tinto Services Limited as the sponsoring entity of the Fund will disclose the defined benefit obligation and associated charges to the income statement.

(s) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(t) Cash and cash equivalents

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

(u) 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.

(v) 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.

(w) 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.

(x) 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 retained earnings for Rio Tinto plc plans and to other reserves for Rio Tinto Limited plans. 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 (eg 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 (eg 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 37.

(y) 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.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision maker's use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group Intends to apply AASB 8 from 1 July 2009. It is likely to result in an increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group Intends to apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group intends to apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vi) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AABS 127 Consolidated and Separate Financial Statements. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(vii) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

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.

(i) Rehabilitation provision

The calculation of the rehabilitation provision relies on estimates of costs required to rehabilitate and restore disturbed land to their original condition. These estimates are reviewed annually and adjusted in order to ensure that the most up to date data is used.

(ii) Taxation

The Group has recognised certain deferred tax assets for deductible temporary differences. In recognising these deferred tax assets assumptions have been made regarding the groups 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.

(iii) 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.

(iv) Impairment

ERA's balance sheet contains items that are subject to impairment testing. In assessing impairment, estimates are required of future prices, exchange rates and capital and production costs in order to assist in the judgement of the recoverable amount.

Management makes estimates and assumptions in regard to impairment which are subject to risk and uncertainty. Changes in circumstances may effect these estimates and the recoverable amount. If the carrying value of the assets are assessed to be impaired, the impairment would be charged against the income statement.

(v) Share based payments

ERA recognises the fair value of equity settled share based payments granted as remuneration. The fair value of share options is estimated as at the date of grant using a lattice based option valuation model. Key inputs for this valuation model for each of the relevant share based payments plans are detailed in Note 37.

3 Revenue

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from continuing operations				
Sales revenue				
Sale of goods	**495,557**	356,511	**495,557**	356,511
Rendering of services	**802**	569	**–**	–
Total sales revenue	**496,359**	357,080	**495,557**	356,511
Other revenue				
Interest received/receivable, other parties	**5,388**	4,222	**5,356**	4,202
Rent received	**904**	986	**904**	986
Net gain on sale of property, plant and equipment	**1,399**	65	**1,404**	42
Total other revenue	**7,691**	5,273	**7,664**	5,230
Total revenue from continuing operations	**504,050**	362,353	**503,221**	361,741
Other income				
Insurance recovery	**187,699**	–	**187,699**	–
Total other income	**187,699**	–	**187,699**	–

4

Expenses

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Profit before income tax includes the following specific expenses:				
Cost of sales	**241,276**	187,015	**241,276**	187,015
Depreciation				
Mine land and buildings	**3,008**	3,234	**3,004**	3,228
Plant and equipment	**32,383**	29,441	**32,296**	29,393
Total depreciation	**35,391**	32,675	**35,300**	32,621
Amortisation				
Mine properties	**10,378**	11,424	**10,378**	11,424
Rehabilitation asset	**1,508**	1,545	**1,508**	1,545
Total amortisation	**11,886**	12,969	**11,886**	12,969
Net exchange loss	**388**	376	**388**	376
Rental expense relating to operating leases	**281**	245	**278**	245
Royalty payments	**5,660**	4,159	**5,660**	4,159
Payments to Aboriginal interests	**19,245**	14,139	**19,245**	14,139
Financing costs:				
Exchange losses on foreign currency borrowings	**40,785**	–	**40,785**	–
Related parties	**4,119**	1,539	**4,119**	1,539
Other parties	**1,309**	2,291	**1,312**	2,293
Unwinding of discount	**10,252**	10,041	**10,252**	10,041
Total financing costs	**56,465**	13,871	**56,468**	13,873
Impairment of assets:				
Receivables	**191**	1,990	**191**	1,990
Inventories – stores and spares	**1,097**	360	**1,097**	360
Research and development expenditure	**34,229**	20,934	**34,229**	20,934
Defined contribution superannuation expense	**4,690**	3,761	**4,523**	3,455

5

Income tax expense

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
(a) Income tax expense				
Current tax	**97,243**	35,675	**97,197**	35,848
Deferred tax	**(5,766)**	(11,153)	**(5,776)**	(11,175)
Under/(over) provided in prior years	**(693)**	(2,245)	**(653)**	(2,244)
	90,784	22,277	**90,768**	22,429
Deferred income tax (revenue)/expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 16)	**800**	(3,365)	**810**	(3,365)
(Decrease)/increase in deferred tax liabilities (Note 21)	**(6,566)**	(7,788)	**(6,586)**	(7,810)
	(5,766)	(11,153)	**(5,776)**	(11,175)
(b) Reconciliation of income tax expense to prima facie tax payable				
Operating profit before income tax	**312,569**	98,366	**312,378**	98,871
Tax at the Australian tax rate of 30% (2007 – 30%)	**93,770**	29,510	**93,714**	29,662
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
R&D Tax Concession	**(1,585)**	(6,520)	**(1,585)**	(6,520)
Amortisation	**452**	464	**452**	464
Other items	**(1,160)**	1,068	**(1,160)**	1,067
Income tax under/(over) provided in prior years	**(693)**	(2,245)	**(653)**	(2,244)
Income tax expense	**90,784**	22,277	**90,768**	22,429
(c) 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 (Notes 16 and 21)	**(5,757)**	(968)	**(5,757)**	(968)
	(5,757)	(968)	**(5,757)**	(968)

(d) 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

	PARENT	
	2008 $'000	2007 $'000
(a) Ordinary shares		
Final dividend for the year ended 31 December 2007 of 20 cents (2006 – 11 cents) per fully paid share paid on 29 February 2008 (2006 – 1 March 2007)		
Fully franked (2007 – 30% franked) based on tax paid @ 30% – 6 cents (2006 – 3.3 cents) per share	**38,148**	20,981
Interim dividend for the year ended 31 December 2008 of 8 cents (2007 – nil) per fully paid share paid on 20 August 2008 (2007 – nil)	**15,259**	–
Total dividends provided for or paid	**53,407**	20,981
(b) Dividends not recognised at year end		
Since the end of the year the Directors declared the payment of a final dividend of 20.0 cents (2007: 20.0) fully paid per ordinary share, fully franked based on tax paid at 30 per cent. The aggregate amount of the final dividend paid on 27 February 2009 out of retained profits at 31 December 2008 but not recognised as a liability is	**38,148**	38,148

(c) Dividend franking account

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	**182,997**	109,465	**182,997**	109,465

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.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $16,438,996 (2007: $16,438,966).

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

7

Cash and cash equivalents

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Cash at bank and in hand	**1,568**	6,283	**673**	5,530
Deposits at call	**105,326**	11,446	**105,326**	11,446
	106,894	17,729	**105,999**	16,976

(a) Cash at bank/Deposits at call

Cash assets and deposits bear floating interest rates between 0.00% and 7.63% (2007 – 4.22% and 6.97%).

(b) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 34.

8

Receivables

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade debtors	**48,701**	118,890	**47,417**	118,890
Other debtors	**5,392**	14,289	**5,152**	14,029
Provision for impairment	**(2,163)**	(1,972)	**(2,163)**	(1,972)
	3,229	12,317	**2,989**	12,057
Related entity	**–**	–	**1,273**	1,311
	51,930	131,207	**51,679**	132,258

(a) 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.

(b) 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 34.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate 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 34 for more information on the risk management policy of the Group.

9

Inventories – Current

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Stores and spares	**20,511**	14,812	**20,511**	14,812
Ore stockpiles at cost	**16,506**	12,300	**16,506**	12,300
Work in progress at cost	**2,691**	2,694	**2,691**	2,694
Finished product U3O8 at cost	**76,666**	57,448	**76,666**	57,448
	116,374	87,254	**116,374**	87,254

(a) Inventory expense

Obsolescence of inventory provided for and recognised as an expense during the year ended 31 December 2008 amounted to $1,097,479 (2007: $360,000). Any expense incurred relates to raw materials and consumables and has been disclosed as such in the income statement.

10

Derivative financial instruments

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Forward exchange contracts – cash flow hedges	**1,705**	16,621	**1,705**	16,621
	1,705	16,621	**1,705**	16,621
Non-current assets				
Forward exchange contracts – cash flow hedges	**–**	4,275	**–**	4,275
	–	4,275	**–**	4,275

(a) Instruments used by the Group

The consolidated entity derives most of its revenue in United States dollars and incurs most of its costs in Australian dollars (refer to Note 34).

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

The contracts are hedged against highly probable forecast sales. At balance date, the details of the outstanding contracts are:

	MATURITY	WEIGHTED AVERAGE RATE A$/US$	2008 $'000	2007 $'000
Forwards				
Sell US$/Buy A$	Less than 1 year	0.57 – (2007: 0.61)	**8,000**	26,000
	1 – 5 years	NA (2007: 0.57)	**–**	8,000
	Total	0.57 – (2007: 0.61)	**8,000**	34,000
Options				
	Less than 1 year	NA (2007: 0.70)	**–**	18,000
Purchased US$ put options	1 – 5 years	NA (2007: NA)	**–**	–
	Total	NA (2007: 0.70)	**–**	18,000

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the initial measurement of the component recognised in the balance sheet is adjusted by the related amount deferred in equity.

(b) Risk exposures

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 34.

11 Other assets

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Prepayments	**711**	1,201	**709**	1,202

12 Inventories – Non-current

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Ore stockpiles at cost	**146,614**	107,154	**146,614**	107,154

13 Undeveloped properties

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current				
Jabiluka: Long-term care and maintenance development project				
Balance brought forward	**203,212**	203,212	**203,212**	203,212
Amount capitalised during the year	**420**	–	**420**	–
Total undeveloped properties	**203,632**	203,212	**203,632**	203,212

The recoverable amount of the undeveloped properties is determined using the fair value less cost to sell. Fair value less cost to sell has been determined using a discounted cash flow. Key assumptions to which the model is most sensitive include:

- Uranium prices
- Foreign exchange rates
- Production and capital costs
- Discount rate
- Mineral reserves and 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 mineral reserves.

14

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 2008					
Opening net book amount	**24,093**	**248,904**	**86,003**	**9,612**	**368,612**
Additions	**419**	**165,978**	**–**	**–**	**166,397**
Disposals	**(77)**	**(124)**	**–**	**–**	**(201)**
Change in estimate	**–**	**–**	**–**	**3,320**	**3,320**
Transfers	**2,479**	**(2,479)**	**–**	**–**	**–**
Depreciation/amortisation charge	**(3,008)**	**(32,383)**	**(10,378)**	**(1,508)**	**(47,277)**
Closing net book amount	**23,906**	**379,896**	**75,625**	**11,424**	**490,851**
Cost	**103,399**	**782,273**	**407,000**	**48,983**	**1,341,655**
Accumulated depreciation/amortisation	**(79,493)**	**(402,377)**	**(331,375)**	**(37,559)**	**(850,804)**
Net book amount	**23,906**	**379,896**	**75,625**	**11,424**	**490,851**
Year ended 31 December 2007					
Opening net book amount	27,113	187,914	97,301	13,629	325,957
Additions	1,668	88,409	825	2,030	92,932
Disposals	–	(131)	–	–	(131)
Change in estimate	–	–	–	(4,502)	(4,502)
Transfers	(1,454)	2,153	(699)	–	–
Depreciation/amortisation charge	(3,234)	(29,441)	(11,424)	(1,545)	(45,644)
Closing net book amount	24,093	248,904	86,003	9,612	368,612
Cost	100,832	618,945	407,000	45,663	1,172,440
Accumulated depreciation/amortisation	(76,739)	(370,041)	(320,997)	(36,051)	(803,828)
Net book amount	24,093	248,904	86,003	9,612	368,612

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Property, plant and equipment (continued)

PARENT	MINE LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MINE PROPERTIES $'000	REHAB-ILITATION $'000	TOTAL $'000
Year ended 31 December 2008					
Opening net book amount	**24,075**	**248,579**	**86,003**	**9,612**	**368,269**
Additions	**418**	**165,782**	**–**	**–**	**166,200**
Disposals	**(63)**	**(105)**	**–**	**–**	**(168)**
Change in estimate	**–**	**–**	**–**	**3,320**	**3,320**
Transfers	**2,479**	**(2,479)**	**–**	**–**	**–**
Depreciation/amortisation charge	**(3,003)**	**(32,297)**	**(10,378)**	**(1,508)**	**(47,186)**
Closing net book amount	**23,906**	**379,480**	**75,625**	**11,424**	**490,435**
Cost	**102,885**	**781,143**	**407,000**	**48,983**	**1,340,011**
Accumulated depreciation/amortisation	**(78,979)**	**(401,663)**	**(331,375)**	**(37,559)**	**(849,576)**
Net book amount	**23,906**	**379,480**	**75,625**	**11,424**	**490,435**
Year ended 31 December 2007					
Opening net book amount	26,991	187,867	97,301	13,629	325,788
Additions	1,766	88,076	826	2,029	92,697
Disposals	–	(125)	–	–	(125)
Change in estimate	–	–	–	(4,501)	(4,501)
Transfers	(1,454)	2,154	(700)	–	–
Depreciation/amortisation charge	(3,228)	(29,393)	(11,424)	(1,545)	(45,590)
Closing net book amount	24,075	248,579	86,003	9,612	368,269
Cost	100,287	617,975	407,000	45,663	1,170,925
Accumulated depreciation/amortisation	(76,212)	(369,396)	(320,997)	(36,051)	(802,656)
Net book amount	24,075	248,579	86,003	9,612	368,269

(a) 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:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Plant and equipment	**162,408**	47,076	**162,346**	47,006

15

Investment in trust fund

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Non-current				
Trust Fund	**51,698**	48,088	**51,698**	48,088
	51,698	48,088	**51,698**	48,088

(a) Trust fund

The Trust Fund holds a restricted fixed term investment in the form of bank bills which mature and are reinvested quarterly. The applicable weighted average interest rate for the year ended 31 December 2008 was 7.31% (2007: 6.55%).

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Deferred tax assets

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Rehabilitation	**45,362**	41,764	**45,362**	41,764
Employee provisions	**2,068**	1,986	**2,019**	1,945
Other payables	**3,360**	6,102	**3,256**	6,112
	50,790	49,852	**50,637**	49,821
Amount recognised directly in equity				
Share benefits	**(1,016)**	1,583	**(1,016)**	1,552
Total deferred tax assets	**49,774**	51,435	**49,621**	51,373
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 21)	**(49,774)**	(51,435)	**(49,621)**	(51,373)
Net deferred tax assets	**–**	–	**–**	–
Movements:				
Opening balance at 1 January	**51,435**	46,132	**51,373**	46,070
(Debited)/credited to the income statement (Note 5)	**(800)**	3,365	**(810)**	3,365
Under provided in prior years credited to the income statement	**–**	1,072	**–**	1,072
Under/(over) provided in prior years credited to equity	**(861)**	866	**(942)**	866
Closing balance at 31 December	**49,774**	51,435	**49,621**	51,373

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Payables

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Current				
Trade payables	**70,446**	44,869	**69,521**	44,255
Amounts due to related parties	**6,039**	3,752	**4,917**	3,431
Other payables	**3,609**	105	**3,602**	105
	80,094	48,726	**78,040**	47,791

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Interest bearing liability

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Unsecured				
Loans from related parties	**–**	55,500	**–**	55,500

(a) Risk exposures

Details of the Group's exposure to risks arising from interest bearing liabilities are set out in Note 34.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in Note 34.

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Provisions – current

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Current				
Employee benefits	**7,740**	6,048	**7,676**	6,038
Rehabilitation	**15,119**	3,206	**15,119**	3,206
	22,859	9,254	**22,795**	9,244

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	REHABILITATION $'000
Consolidated and Parent – 2008	
Current	
Carrying amount at the start of the year	**3,206**
Payments	**(3,905)**
Transfer from non-current provision	**15,818**
Carrying amount at the end of the year	**15,119**

	REHABILITATION $'000
Consolidated and Parent – 2007	
Current	
Carrying amount at the start of the year	2,270
Payments	(1,303)
Additional provision recognised	2,239
Carrying amount at the end of the year	3,206

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Provisions – Non-current

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Non-current				
Employee benefits	**1,705**	1,222	**1,571**	1,088
Rehabilitation	**182,178**	184,424	**182,178**	184,424
	183,883	185,646	**183,749**	185,512

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	REHABILITATION $'000
Consolidated and Parent – 2008	
Non-current	
Carrying amount at the start of the year	**184,424**
Change in estimate	**(5,504)**
Unwinding of discount	**10,252**
Additional provisions recognised	**8,824**
Transfer to current Provision	**(15,818)**
Carrying amount at the end of the year	**182,178**

	REHABILITATION $'000
Consolidated and Parent – 2007	
Non-current	
Carrying amount at the start of the year	179,095
Change in estimate	(4,502)
Unwinding of discount	10,041
Additional provisions recognised	(210)
Carrying amount at the end of the year	184,424

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Deferred tax liabilities

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Property, plant and equipment	**43,116**	48,583	**43,063**	48,574
Undeveloped properties	**15,509**	14,426	**15,509**	14,426
Mine properties	**23,405**	25,801	**23,405**	25,801
Inventories	**4,929**	5,479	**4,929**	5,479
Receivables	**2,086**	1,122	**2,093**	1,122
	89,045	95,411	**88,999**	95,402
Amount recognised directly in equity				
Cash flow hedges	**512**	6,269	**512**	6,269
Total deferred tax liabilities	**89,557**	101,680	**89,511**	101,671
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 16)	**(49,774)**	(51,435)	**(49,621)**	(51,373)
Net deferred tax liabilities	**39,783**	50,245	**39,890**	50,298
Movements:				
Opening balance at 1 January	**101,680**	111,718	**101,671**	111,731
(Credited) to the income statement (Note 5)	**(6,566)**	(7,788)	**(6,586)**	(7,810)
(Credited) to equity (Note 24)	**(5,757)**	(968)	**(5,757)**	(968)
(Over) provided in prior years credited to the income statement	**–**	(1,402)	**–**	(1,402)
Over/(Under) provided in prior years credited to equity	**200**	120	**183**	120
Closing balance at 30 June	**89,557**	101,680	**89,511**	101,671

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Employee entitlements

(a) Employee numbers

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	472	419	**447**	397

(b) Superannuation plan

As noted in Note 1(r), many employees of the Company are members of the Rio Tinto Staff Superannuation Fund (The Fund). The Fund has both a defined benefit and defined contribution section. The defined benefit section is wholly funded and provides lump sum benefits based on years of service and final average salary. Due to the terms of the agreement between the members of the defined benefit section of the Fund it will be accounted for by ERA as a defined contribution plan. Further relevant details of the Fund are noted below:

(c) Categories of plan assets

	2008 $'000	2007 $'000
The major categories of plan assets are as follows:		
Equities	**131,685**	264,507
Fixed interest government bonds	**50,460**	97,848
Property/Real estate	**34,599**	50,555
Other	**3,961**	124
Total	**220,705**	413,034

(d) Reconciliations

	2008 $'000	2007 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:		
Balance at the beginning of the year	**402,610**	372,820
Current service cost	**12,893**	12,165
Interest cost	**20,000**	18,196
Contributions by plan participants	**15,736**	12,934
Actuarial (gains) and losses	**56,300**	18,967
Benefits paid	**(81,283)**	(33,088)
Transfers in	**(1,839)**	616
Balance at the end of the year	**424,417**	402,610

	2008 $'000	2007 $'000
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	**413,034**	403,248
Expected return on plan assets	**30,064**	29,445
Actuarial gains and (losses)	**(169,596)**	1,991
Contributions by Group companies	**12,750**	(2,112)
Contributions by plan participants	**15,736**	13,550
Benefits paid	**(81,283)**	(33,088)
Transfers	**–**	–
Balance at the end of the year	**220,705**	413,034

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Employee entitlements (continued)

(e) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2008	2007
Price inflation	**2.0%**	3.6%
Discount rate	**3.2%**	5.4%
Pension increases in payment	**2.0%**	3.6%
General salary/wage increases	**4.0%**	5.6%
Expected return on asset		
Equities	**7.2%**	9.3%
Bonds	**3.2%**	5.4%
Property	**5.2%**	7.4%
Other	**2.6%**	3.7%

(f) Employer contributions

Employer contributions to the defined benefit section of the Fund are based on recommendations by the Fund's actuary. A review of the funding position is undertaken every 6 months.

The Trustee and Rio Tinto have agreed a Contribution Management Strategy that seeks to minimise volatility in the position of the Fund, avoid the need for lump-sum contributions and to ensure that any deficiency of assets compared with vested benefits is rectified within three years.

Based on this strategy, the actuary recommended that as from 1 January 2008 contributions be made at 77.4% of salaries of Rio Tinto's defined benefit members.

Contributions to the Fund by member companies for 2009 are estimated to be $206,340,091 (2008: $154,147,864).

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Share capital

	CONSOLIDATED AND PARENT		CONSOLIDATED AND PARENT	
	2008 SHARES	2007 SHARES	2008 $'000	2007 $'000
Share capital				
A Class shares fully paid	**190,737,934**	190,737,934	**214,585**	214,585
Total contributed equity			**214,585**	214,585

(a) Capital risk management

Details of the Group's exposure to risks when managing capital are set out in Note 34.

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Reserves and retained profits

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
(a) Reserves				
Hedging reserve – cash flow hedges	**1,193**	14,627	**1,193**	14,627
Share-based payments reserve	**241**	2,280	**241**	2,280
Capital reconstruction	**389,500**	389,500	**389,500**	389,500
	390,934	406,407	**390,934**	406,407
Movements:				
Hedging reserve – cash flow hedges				
Balance 1 January	**14,627**	16,813	**14,627**	16,813
Revaluation – gross	**(642)**	3,225	**(642)**	3,225
Deferred tax	**192**	(968)	**192**	(968)
Transfer to net profit – gross	**(18,549)**	(6,349)	**(18,549)**	(6,349)
Deferred tax	**5,565**	1,906	**5,565**	1,906
Balance 31 December	**1,193**	14,627	**1,193**	14,627
Share-based payments reserve				
Balance 1 January	**2,280**	1,672	**2,280**	1,600
Option expense	**(2,039)**	608	**(2,039)**	680
Balance 31 December	**241**	2,280	**241**	2,280
Capital reconstruction				
Balance 1 January	**389,500**	389,500	**389,500**	389,500
Movements	**–**	–	**–**	–
Balance 31 December	**389,500**	389,500	**389,500**	389,500
(b) Retained profits				
Movements in retained profits were as follows:				
Opening retained earnings – 1 January	**(14,971)**	(70,079)	**(14,063)**	(69,524)
Net profit for the year	**221,785**	76,089	**221,610**	76,442
Dividends paid	**(53,407)**	(20,981)	**(53,407)**	(20,981)
Closing retained earnings – 31 December	**153,407**	(14,971)	**154,140**	(14,063)

(c) Nature and purpose of reserves

(i) Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(q). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) 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.

(iii) 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.

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Contingencies

(a) Contingent liabilities

Legal actions against Energy Resources of Australia Ltd.

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

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

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Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Within one year	**34,900**	62,855	**34,900**	62,855

(b) Lease commitments

(i) Operating leases

Future operating lease rentals not provided for in the financial statements and payable:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**1,466**	1,343	**1,452**	1,139
Later than one year but not later than five years	**2,847**	1,626	**1,598**	1,598
	4,313	2,969	**3,050**	2,737

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

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Commitments (continued)

(ii) Mineral tenement leases

Future mineral tenement lease payment not provided for in the financial statements and payable:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Within one year	**73**	73	**73**	73
Later than one year but not later than five years	**291**	291	**291**	291
Later than five years	**772**	845	**772**	845
	1,136	1,209	**1,136**	1,209

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 2009 in respect of tenement lease rentals.

(c) ERA is liable to make payments to the Commonwealth as listed below:

(i) An amount equal to the sum payable by the Commonwealth to the Northern Land Council pursuant to the Section 44 Agreement Aboriginal Land Rights (NT) Act 1976. This amounts to $200,000 per annum during the currency of the Agreement;

(ii) Amounts equal to the sums payable by the Commonwealth to the Aboriginal Benefits Reserve pursuant to a determination under Section 63(5)(b) of the Aboriginal Land Rights (NT) Act 1976. These amounts are calculated at 4.25 per cent of Ranger net sales revenue (amounts paid during 2008: $19,245,102. 2007: $14,139,000);

(iii) Amounts equal to sums payable by the Commonwealth to the Northern Territory pursuant to an understanding in respect of financial arrangements between the Commonwealth and the Government of the Northern Territory. These amounts are also calculated as though they were royalties and the relevant rate is 1.25 per cent of Ranger net sales revenue (amounts paid during 2008: $5,660,324. 2007: $4,159,000);

(d) 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 (e) below).

(e) 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.

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Auditor's remuneration

During the year the auditor of the parent entity and its related practices earned the following remuneration:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	**278**	290	**278**	290
Total remuneration for audit services	**278**	290	**278**	290

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Related parties

Directors

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

R Carter, H Garnett, D Klingner, C Lenegan, R Atkinson, C Salisbury and P Taylor

Information relating to Directors' compensation, shareholdings and retirement benefits is set out in the Remuneration Report in the Directors' Report.

Key management personnel

(a) Key management personnel compensation

	CONSOLIDATED		PARENT	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	**3,697,286**	3,295,221	**3,311,105**	2,931,738
Post-employment benefits	**306,279**	264,123	**233,832**	212,727
Share-based payments	**162,282**	615,687	**140,960**	532,635
	4,165,847	4,175,031	**3,685,897**	3,677,100

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 25 to 49.

(b) Loans with Directors and key management personnel

There are no loans with Directors or key other management personnel during 2008 (2007: nil).

Transactions with Directors and Director-related entities

There were no transactions with Director related entities other than Rio Tinto Limited during 2008. Details of transactions with Rio Tinto Limited are outlined below.

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Related parties (continued)

Controlled entity

Information relating to the controlled entity is set out in Note 29 and Note 35.

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.

Loan from related party

During the period ERA was a party to a USD$140m short term loan arrangement with Rio Tinto Finance Limited, a wholly owned subsidiary of Rio Tinto Limited, of which AUD$nil was drawn down at 31 December 2008. The facility was negotiated on commercial terms and conditions. Information relating to the financing arrangements are set out in Note 32.

Superannuation fund

Information relating to the consolidated entity's superannuation fund is set out in Note 22.

Interest income

Interest income is received from Rio Tinto Finance Ltd which holds cash on behalf of the Company.

Intercompany foreign exchange contracts

Foreign currency forwards and options, as per Note 13 have been taken out with North Finance Limited, a wholly owned subsidiary of Rio Tinto Limited.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Other transactions				
Management services fees paid to ultimate parent entity:				
Rio Tinto Limited	**1,600**	1,600	**1,600**	1,600
Consulting fees paid to:				
EWLS Pty Ltd – controlled entity	**–**	–	**4,133**	4,539
Rio Tinto Limited	**5,136**	5,098	**5,136**	5,089
Interest paid to:				
Rio Tinto Limited	**5,347**	1,539	**5,347**	1,539
Other re–imbursements for commercial services:				
Rio Tinto Limited	**21,460**	16,706	**21,460**	16,706
Amounts received from related parties:				
Rio Tinto Limited – other	**172**	76	**172**	76
Rio Tinto Limited – interest	**1,407**	1,234	**1,407**	1,215
Dividends paid to:				
Parent entity – North Ltd	**18,212**	7,155	**18,212**	7,155
Related parties – Peko Wallsend Ltd	**18,314**	7,197	**18,314**	7,197

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Related parties (continued)

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:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Aggregate amounts receivable from and payable to each class of other related parties at balance date were as follows:				
Assets – derivative financial instruments Related parties – North Finance Limited	**1,705**	20,896	**1,705**	20,896
Current assets – cash assets Related parties – Rio Tinto Finance Ltd	**105,326**	11,446	**105,326**	11,446
Current assets – receivables Related parties – Rio Tinto companies	**215**	–	**215**	–
Controlled entities – EWLS Pty Ltd	**–**	–	**1,121**	1,311
Current liabilities – creditors Related parties – Rio Tinto companies	**8,401**	3,752	**8,401**	3,431
Controlled entities – EWLS Pty Ltd	**–**	–	**1,271**	–
Interest bearing liabilities Related parties – Rio Tinto Limited	**–**	55,500	**–**	55,500

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

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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	2008 %	2007 %
EWL Sciences Pty Ltd	Australia	Ordinary	**100**	100

The above controlled entity is wholly-owned and no dividends were paid to the parent entity (2007: $Nil).

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Segment information

(a) Description of segments

Business segments

The consolidated entity is organised into the following divisions by product and service type.

Uranium – Mining, processing and sale of uranium.

Consulting – Providing environmental consulting services.

(b) Primary reporting – business segments

2008

	URANIUM $'000	CONSULTING $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales to external customers	**503,221**	**829**	**–**	**504,050**
Intersegment sales (Note (ii))	**–**	**4,133**	**(4,133)**	**–**
Total sales revenue	**503,221**	**4,962**	**(4,133)**	**504,050**
Other revenue	**–**	**–**	**–**	**–**
Total segment revenue	**503,221**	**4,962**	**(4,133)**	**504,050**
Other income	**187,699**	**–**	**–**	**187,699**
Segment result	**312,378**	**191**	**–**	**312,569**
Income tax expense				**(90,784)**
Profit for the year				**221,785**
Segment assets	**1,168,945**	**1,464**	**–**	**1,170,409**
Total assets				**1,170,409**
Segment liabilities	**409,286**	**2,197**	**–**	**411,483**
Total liabilities				**411,483**
Acquisitions of non–current assets	**166,200**	**197**	**–**	**166,397**
Depreciation and amortisation expense	**47,186**	**91**	**–**	**47,277**

2007

	URANIUM $'000	CONSULTING $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales to external customers	356,511	569	–	357,080
Intersegment sales (Note (ii))	–	4,539	(4,539)	–
Total sales revenue	356,511	5,108	(4,539)	357,080
Other revenue	5,230	43	–	5,273
Total segment revenue	361,741	5,151	(4,539)	362,353
Other income	–	–	–	–
Segment result	98,871	(505)	–	98,366
Income tax expense				(22,277)
Profit for the year				76,089
Segment assets	990,899	5,537	(11,083)	985,353
Total assets				985,353
Segment liabilities	383,970	6,345	(10,983)	379,332
Total liabilities				379,332
Acquisitions of non-current assets	92,731	199	–	92,930
Depreciation and amortisation expense	45,590	54	–	45,644

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Segment information (continued)

(c) Secondary reporting format – geographical segments

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS	
	2008 $'000	2007 $'000
Asia	**239,381**	124,541
United States	**187,482**	155,303
Europe	**76,358**	76,667
	503,221	356,511

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital acquisitions are allocated based on where the assets are located.

All consolidated assets are in Australia at 31 December 2008 except for inventories in transit or at converters of $38,605,000 (2007: $45,729,000).

All acquisitions of property, plant and equipment, intangible assets and other non-current assets occurred in Australia.

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and AASB114, Segment Reporting. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different to the industry and geographical segments identified in previous years.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets, net of provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

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

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit for the year	**221,785**	76,089	**221,610**	76,442
Add/(less) items classified as investing/financing activities:				
Net gain (loss) on sale of non-current assets	**(1,399)**	(65)	**(1,404)**	(42)
Net gain (loss) on loan foreign exchange	**40,785**	–	**40,785**	–
Add/(less) non-cash items:				
Depreciation and amortisation	**47,277**	45,644	**47,186**	45,590
Rehabilitation provision: unwinding of discount	**10,252**	10,041	**10,252**	10,041
Employee benefits: share based payments	**(197)**	1,033	**(197)**	1,033
Net exchange differences	**(180)**	(13)	**(180)**	(13)
Change in operating assets and liabilities				
(Increase)/decrease in trade and other receivables	**79,277**	(26,575)	**80,579**	(32,129)
(Increase)/decrease in inventories	**(68,580)**	(43,697)	**(68,580)**	(43,697)
(Increase)/decrease in other assets	**490**	(130)	**493**	(126)
(Increase)/decrease in investment in trust fund	**(3,610)**	(3,135)	**(3,610)**	(3,135)
(Decrease)/increase in payables	**31,368**	11,336	**30,249**	15,826
(Decrease)/increase in current tax liabilities	**65,095**	8,641	**64,869**	8,516
(Decrease)/increase in deferred income	**(10,192)**	–	**(10,192)**	–
(Decrease)/increase in net provision for deferred tax liabilities	**(4,705)**	(15,340)	**(4,651)**	(15,363)
(Decrease)/increase in provisions	**(1,730)**	3,007	**(1,784)**	2,987
Net cash inflow provided from operating activities	**405,736**	66,836	**405,425**	65,930

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Financing arrangements

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Loan from related party	**202,576**	148,331	**202,576**	148,331
	202,576	148,331	**202,576**	148,331
Facilities not utilised at balance date:				
Loan from related party	**202,576**	92,831	**202,576**	92,831
	202,576	92,831	**202,576**	92,831

Loan from related party

The loan from related parties is unsecured. The facility is denominated in US$, however draw downs and repayments made during the year are denominated in either US$ or A$ specific to the transaction. The interest rate charged is the current bank bill swap bid rate at the date of draw down plus an agreed margin. For the year ended 31 December 2008 the weighted average interest rate was 6.55% p.a (2007: 7.72%). The facility has an expiry date of 30 June 2009.

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Earnings per share

	CONSOLIDATED	
	2008 CENTS	2007 CENTS
Basic earnings per share	**116.3**	39.9
Diluted earnings per share	**116.3**	39.9

Earnings used in the calculation of basic and diluted earnings per share: 2008: $221,785,000 (2007: $76,089,000)

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

(i) 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 37.

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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.

(a) Market risk

(i) 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, however the Group does hold legacy financial instruments in the form of foreign exchange contracts. Details of these financial instruments used are set out in Note 10.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	CONSOLIDATED		PARENT	
	2008 USD $'000	2007 USD $'000	**2008 USD $'000**	2007 USD $'000
Trade receivables	**27,596**	107,486	**27,596**	107,486
Forward exchange contracts:				
Current	**1,103**	14,297	**1,103**	14,297
Non-current	**–**	3,494	**–**	3,494

Group sensitivity

At 31 December 2008, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been $2,795,134 higher/$2,541,031 lower (2007: $8,584,930 higher/$7,804,481 lower). The effect on equity of the derivative financial instruments would have been $170,000 higher/$155,000 lower (2007: $2,690,000 higher/$2,140,000 lower) arising from foreign forward exchange contracts designated as cash flow hedges. The group uses no other financial instruments to manage foreign exchange risks.

(ii) Commodity price risk

The Group uses fixed price sales contracts. 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.

(iii) Interest rate risk

The Group's main interest rate risk arises from interest bearing liabilities. Each draw down against these borrowings is issued at a fixed rate at the draw down date and exposes the Group to fair value interest rate risk. At the reporting date, the Group has no net exposure to changes in variable interest rates and no financial instruments are used by the Group to manage interest rate risk. In addition, the Group is exposed to interest rate risk on cash in the investment trust fund. If interest rates had moved by 100bps or 1%, the impact on profit would have been $511,272 higher/$511,272 lower (2007: $480,880 higher/$480,880 lower).

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Financial risk management (continued)

(b) 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.

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade receivables				
AA	**–**	43,456	**–**	43,456
A	**30,240**	15,724	**30,240**	15,724
BBB	**–**	3,872	**–**	3,872
BB	**9,690**	9,241	**9,690**	9,241
B	**–**	1,685	**–**	1,685
Other	**8,771**	49,299	**7,487**	49,299

(c) 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.

Credit facilities are maintained with Rio Tinto Finance that are sufficient to meet contractual cash obligations arising in the ordinary course of business, details of which are set out in Note 32. The financial liabilities of the group at 31 December 2008 were repaid in full within three months, and the credit facilities are redrawn as necessary.

(d) 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.

Derivative financial instruments

The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

Interest bearing liabilities

The carrying value is a reasonable approximation of their fair value due to the short-term nature of these borrowings.

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Economic dependency

A controlled entity, EWL Sciences Pty Ltd, depends on ERA for a significant source of revenue. During the 2008 reporting period, 84 per cent of EWL Sciences Pty Ltd revenue (2007: 89 per cent) was derived from services provided to ERA.

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Events subsequent to balance date

Since the end of the year the Directors declared the payment of a final dividend, details of which are set out in Note 6.

No other 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.

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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.

Mining Companies Comparative Plan ("MCCP")

Awards under this plan are accounted for in accordance with the requirements applying to cash-settled share-based payment transactions. If any awards are ultimately settled in shares, the liability is transferred direct to equity as the consideration for the equity instruments issued. 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 50 per cent for anticipated relative TSR performance. In addition for the valuations after 2005 the market value is reduced for non-receipt of dividends between measurement date and date of vesting. Forfeitures are assumed prior to vesting at 3 per cent per annum of outstanding awards. In accordance with the method of accounting for cash-settled awards, fair values are subsequently remeasured each year to reflect the number of awards expected to vest based on the current and anticipated TSR performance.

A summary of the status of shares granted under the share plan at 31 December 2008, and changes during the year, is presented below:

GRANT DATE	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 EXERCIS-ABLE AT END OF THE YEAR
CONSOLIDATED AND PARENT – 2008							
Rio Tinto Limited	**19,531**	**–**	**(2,092)**	**(1,763)**	**(1,765)**	**13,911**	**4,221**
Weighted average exercise price	**$58.01**	**–**	**$69.02**	**$37.20**	**$37.20**	**$61.63**	**$39.12**
Rio Tinto plc	**4,609**	**–**	**–**	**–**	**–**	**4,609**	**981**
Weighted average exercise price	**£24.79**	**–**	**–**	**–**	**–**	**£24.79**	**£15.40**
CONSOLIDATED AND PARENT – 2007							
Rio Tinto Limited	12,991	5,469	1,071	–	–	19,531	3,528
Weighted average exercise price	$62.00	$74.79	$69.18	–	–	$58.01	$37.20
Rio Tinto plc	15,697	9,882	(20,970)	–	–	4,609	–
Weighted average exercise price	£20.04	£27.55	£21.72	–	–	£24.79	–

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Share-based payments (continued)

The weighted average share price at the date of exercise of rights to shares exercised regularly during the year ended 31 December 2008 was $37.20 (2007: $138.00).

The weighted average remaining contractual life of rights to shares outstanding at the end of the period was 3 years (2007: 3 years).

There were no MCCP conditional rights to shares granted during the year ended 31 December 2008.

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 ("SOP")

The Group has a policy of settling these awards in equity, although the participants at their discretion can offer 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 2008, and changes during the year, is presented below:

GRANT DATE	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 EXERCIS-ABLE AT END OF THE YEAR
CONSOLIDATED AND PARENT – 2008							
Rio Tinto Limited	**30,664**	**–**	**(3,245)**	**(1,061)**	**–**	**26,358**	**16,668**
Weighted average exercise price	**$51.27**	**–**	**$57.55**	**$47.04**	**–**	**$50.66**	**$37.94**
Rio Tinto plc	**4,645**	**–**	**–**	**–**	**–**	**4,645**	**981**
Weighted average exercise price	**£25.18**	**–**	**–**	**–**	**–**	**£25.18**	**£18.26**
CONSOLIDATED AND PARENT – 2007							
Rio Tinto Limited	23,665	5,469	3,311	(1,781)	–	30,664	14,661
Weighted average exercise price	$44.36	$75.12	$52.26	$33.01	–	$51.27	$35.70
Rio Tinto plc	27,110	2,884	(25,349)	–	–	4,645	–
Weighted average exercise price	£16.93	£27.01	£16.56	–	–	£25.18	–

The weighted average share price at the date of exercise of options exercised regularly during the year ended 31 December 2008 was $47.04 (2007: $138.00).

The weighted average remaining contractual life of share options outstanding at the end of the period was 3 years (2007: 3 years).

There were no SOP share options granted during the year ended 31 December 2008.

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.

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Share-based payments (continued)

Share savings plan ("SSP")

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 2008, and changes during the year, is presented below:

GRANT DATE	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 EXERCIS-ABLE AT END OF THE YEAR
CONSOLIDATED AND PARENT – 2008							
Rio Tinto Limited	**59,250**	**–**	**(1,590)**	**(10,330)**	**–**	**47,330**	**14,824**
Weighted average exercise price	**$50.71**	**–**	**$66.99**	**$27.87**	**–**	**$55.15**	**$37.28**
CONSOLIDATED AND PARENT – 2007							
Rio Tinto Limited	62,876	13,653	13,632	(10,458)	(20,453)	59,250	10,369
Weighted average exercise price	$39.89	$79.27	$25.72	$21.96	$32.28	$50.71	$27.62

The weighted average share price at the date of exercise of options exercised regularly during the year ended 31 December 2008 was $125.13 (2007: $78.68).

The weighted average remaining contractual life of share options outstanding at the end of the period was 5 years (2007: 4 years).

There were no SSP share options granted during the year ended 31 December 2008.

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 ("MSP")

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 3 per cent per annum of outstanding awards.

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Share-based payments (continued)

A summary of the status of shares granted under the share plan at 31 December 2008, and changes during the year, is presented below:

GRANT DATE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR NUMBER	TRANSFERS IN/(OUT) NUMBER	EXERCISED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	VESTED AND EXERCIS-ABLE AT END OF THE YEAR NUMBER
CONSOLIDATED AND PARENT – 2008							
Rio Tinto Limited	**3,200**	**2,688**	**(1,434)**	**–**	**–**	**4,454**	**–**
Weighted average fair value at grant date	**$74.50**	**$126.48**	**$113.79**	**–**	**–**	**$93.22**	**–**
Rio Tinto plc	**1,825**	**953**	**–**	**–**	**–**	**2,778**	**–**
Weighted average fair value at grant date	**£26.81**	**£52.58**	**–**	**–**	**–**	**£35.65**	**–**
CONSOLIDATED AND PARENT – 2007							
Rio Tinto Limited	–	3,650	(450)	–	–	3,200	–
Weighted average fair value at grant date	–	$74.50	$74.50	–	–	$74.50	–
Rio Tinto plc	–	1,825	–	–	–	1,825	–
Weighted average fair value at grant date	–	£26.81	–	–	–	£26.81	–

The weighted average share price at the date of exercise of conditional grants of shares exercised regularly during the year ended 31 December 2008 was nil (2007: nil).

The weighted average remaining contractual life of conditional grants of shares outstanding at the end of the period was 2 years (2007: 3 years).

The model inputs for conditional rights granted during the year ended 31 December 2008 included:

(a) rights are granted for no consideration and have a three year life

(b) exercise price: – (2007: –)

(c) grant date: 10 March 2008 (2007: 13 March 2007)

(d) expiry date: 10 March 2011 (2007: 13 March 2010)

(e) share price at grant date: $126.48 (2007: $74.50)

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:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Options issued under employee option plans	**481**	1,321	**481**	1,285

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 50 to 94 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 Company's and Consolidated Entity's financial position as at 31 December 2008 and of their 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, and

(c) the remuneration disclosers set out on pages 28 to 41 of the directors report comply with Accounting Standard AASB124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer 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
3 March 2009

Independent auditor's report

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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, set out on pages 50 to 95, of Energy Resources of Australia Ltd (the Company), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Energy Resources of Australia Ltd and the Energy Resources of Australia Ltd Group (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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

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*.

Auditor's opinion

In our opinion:

(a) the financial report, set out on pages 50 to 95, of Energy Resources of Australia Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2008 and of their 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 also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 41 of the directors' report for the year ended 31 December 2008. 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 2008, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Debbie Smith
Partner

Melbourne
3 March 2009

Shareholder information

The shareholder information set out below was applicable as at 31 January 2009.

Distribution of equity securities

Analysis of numbers of 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	9,201	75.97	3,273,116	1.72
1,001 – 5,000	2,394	19.77	5,591,862	2.93
5,001 – 10,000	302	2.49	2,305,609	1.21
10,001 – 100,000	180	1.49	4,671,255	2.45
100,001 and over	34	0.28	174,896,092	91.69
	12,111	100.00	190,737,934	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	NUMBER OF SHARES	% OF ISSUED SHARES
Peko Wallsend Ltd	65,407,896	34.29
North Limited	65,042,208	34.10
National Nominees Limited	11,630,692	6.10
HSBC Custody Nominees (Australia) Limited	9,364,462	4.91
J P Morgan Nominees Australia Limited	6,095,372	3.20
ANZ Nominees Limited	5,829,081	3.06
Citicorp Nominees Pty Limited	3,650,749	1.91
Cogent Nominees Pty Limited	743,648	0.39
Citicorp Nominees Pty Limited	647,691	0.34
Citicorp Nominees Pty Limited	448,218	0.23
HSBC Custody Nominees (Australia) Limited	448,027	0.23
Merrill Lynch (Australia) Nominees Pty Limited	431,960	0.23
Citicorp Nominees Pty Limited	369,872	0.19
HSBC Custody Nominees	353,492	0.19
AMP Life Limited	346,981	0.18
Citicorp Nominees Pty Limited	325,697	0.17
Cogent Nominees Pty Limited	324,493	0.17
Queensland Investment Corporation	319,163	0.17
Citicorp Nominees Pty Limited	308,612	0.16
UBS Nominees Pty Ltd	298,609	0.16
	172,386,923	90.38

Entitlement to votes

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

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

Annual general meeting

The next AGM will be held at at 10:00am on Wednesday 22 April 2009 at SKYCITY, Gilruth Avenue, Darwin.

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
Level 3
60 Carrington Street
SYDNEY NSW 2000
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

Sponsored shareholders should note however, that they should contact their sponsored broker to initiate a change of address.

2008 announcements

23 Dec 2008	Insurance settlement
06 Dec 2008	ERA wins 2008 Australian Export Award
18 Nov 2008	Presentation to Financial Community
17 Nov 2008	Exploration announcement
14 Oct 2008	Quarterly Operations Review
17 Sep 2008	New Director – Rob Atkinson
25 Jul 2008	ASX interim report 30 June 08
25 Jul 2008	Financial Community Presentation - half year results 08
25 Jul 2008	Appointment of ERA Chief Executive
25 Jul 2008	Half year results 2008
15 Jul 2008	Second Quarter Operations Review
04 Jun 2008	Change in ERA Chief Executive
14 May 2008	Merrill Lynch Presentation 13 May 2008
07 May 2008	US Investor Presentation May 08
01 May 2008	AGM shareholder tour 23.04.08
22 Apr 2008	2008 AGM – Chief Executive's address
22 Apr 2008	2008 AGM – Chairman's address
15 Apr 2008	First Quarter Operations Review
01 Feb 2008	Financial Community – 2007 full year results
01 Feb 2008	Cessation of Director – C Lenegan
01 Feb 2008	2007 Annual Statement of Reserves and Resources

Details of these announcements are available at www.energyres.com.au/currentnews

Ten year performance

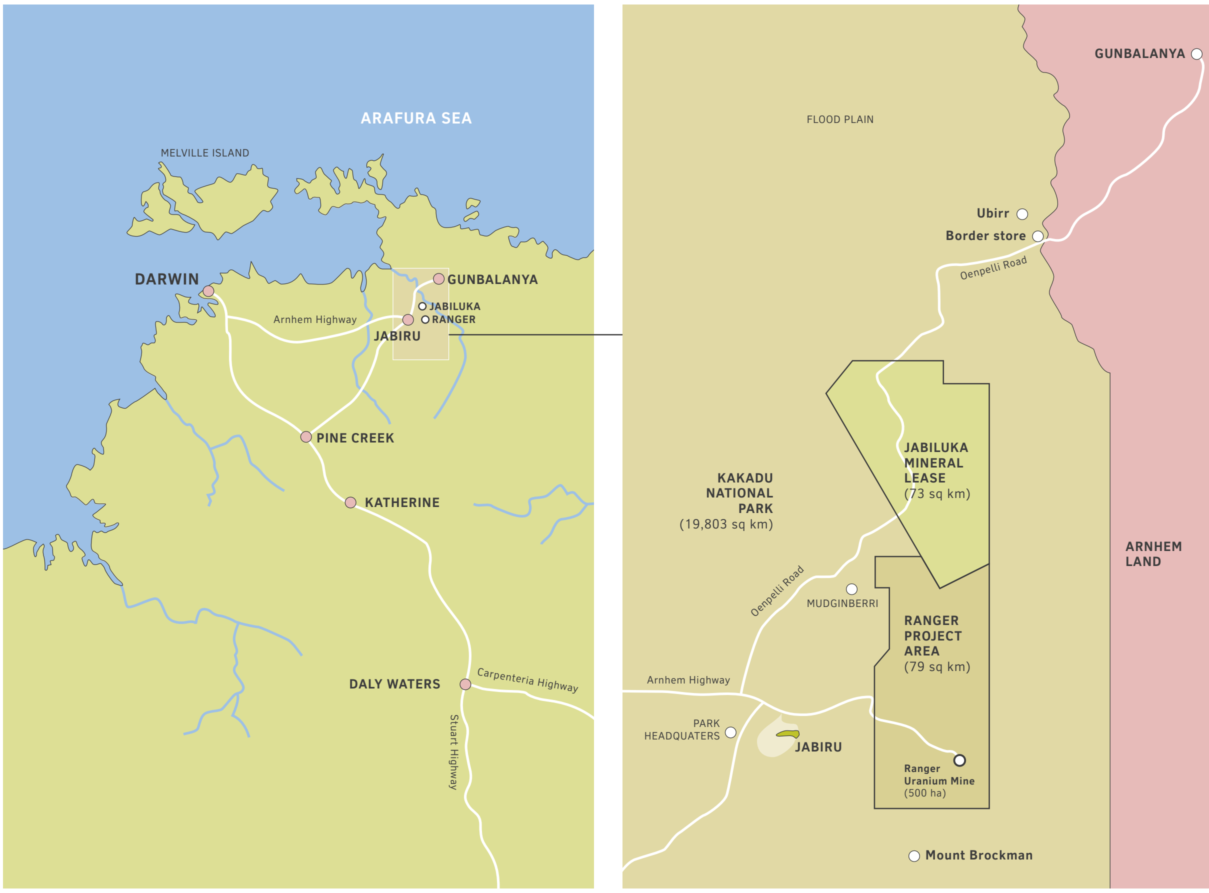
YEAR ENDED 31 DECEMBER	2008	2007	2006	2005	2004#	2003	2002++	2001+	2000	1999
Sales Revenue ($000)	**496,359**	357,080	312,698	262,036	236,270	196,216	198,703	232,808	181,847	172,930
Earnings Before Interest and Tax ($000)	**317,957**	108,012	68,745	65,452	42,773	35,298	39,214	36,467	46,312	45,831
Profit Before Tax ($000)	**312,569**	98,366	62,247	59,620	39,239	35,546	36,675	29,652	44,280	43,152
Income Tax Expense ($000)	**90,784**	22,277	18,640	18,554	2,193	15,674	15,490	13,624	9,597	21,254
Profit After Tax ($000)	**221,785**	76,089	43,607	41,066	37,046	19,872	21,185	16,028	34,683	21,898
Total Assets ($000)	**1,170,409**	985,353	869,350	864,162	862,875	756,327	830,260	810,699	807,966	928,991
Shareholders' Equity ($000)	**758,926**	606,021	552,491	539,764	509,819	614,345	605,917	605,713	604,945	663,723
Long Term Debt ($000)	**–**	–	–	–	–	–	–	–	–	–
Current Ratio	**1.5**	1.8	3.6	3.8	5.2	4.0	2.2	1.3	1.0	1.4
Liquid Ratio	**0.8**	1.0	2.1	2.3	3.1	1.9	1.1	0.6	0.3	0.5
Gearing Ratio (%)	**–**	–	–	–	–	–	–	–	–	–
Interest Cover (times)	**5.6**	7.79	6.3	6.5	4.7	48.0	14.0	4.7	8.0	13.8
Return on Shareholders' Equity (%)	**29.2**	13.1	8.0	7.6	7.3	3.2	3.5	2.6	5.7	3.3
Earnings Per Share (cents)	**116.3**	39.9	22.9	21.5	19	10	11	8	18	11
Dividends Per Share (cents)	**28.0**	20.0	17.0	17.0	17.0	11.0	11.0	8.0	49.0	14.0
Payout Ratio (%)	**24**	28	74	80	88	106	99	95	270**	122
Share Price ($)	**19.00**	19.50	20.80	10.02	6.59	3.40	1.71	1.94	2.31	1.70
Price-Earning Ratio	**16.34**	48.88	90.98	47.70	34.7	30.9	15.4	23.1	12.8	14.8
Dividend Yield (%)	**1.47**	1.03	0.82	1.70	2.58	3.24	6.4	4.1	21.2**	8.24
Net Tangible Assets per Share ($)	**3.98**	3.20	2.90	2.80	2.67	3.22	3.18	3.18	3.17	3.48
No. of Employees	**519**	419	385	354	273	238	184	231	257	272
Profit After Tax per Employee ($000)	**427.33**	181.6	113.3	116.0	143.7	83.5	115.1	70.3	134.9	80.5
Ore Mined (million tonnes)	**3.5**	2.9	3.3	2.2	0.8	1.8	0.8	3.2	2.4	2.5
Ore Milled (million tonnes)	**2.0**	1.9	2.0	2.3	2.1	2.1	1.8	2.5	1.5	1.8
Mill Head Grade (% U_3O_8)	**0.30**	0.31	0.26	0.29	0.28	0.28	0.28	0.29	0.30	0.27
Mill Recovery (%)	**88.2**	88.2	87.5	88.3	88.8	88.3	89.7	90.6	91.6	91.1
Production (tonnes U_3O_8) – Drummed	**5,339**	5,412	4,748	5,910	5,137	5,065	4,470	6,564	4,144	4,375
Sales – Ranger Concentrates (tonnes U_3O_8)	**5,272**	5,324	5,760	5,552	5,024	5,241	4,517	5,937	4,511	4,006
Sales – Other Concentrates (tonnes U_3O_8)	**–**	–	–	136	581	18	628	408	3	–
Sales – Total (tonnes U_3O_8)	**5,272**	5,324	5,760	5,688	5,605	5,259	5,145	6,345	4,514	4,006

\+ *Change of accounting period to 31 December year end (period of 18 months from 1 July 2000 – 31 December 2001)*
++ *Calendar year 1 January – 31 December 2002*
** *Based on special dividend*
\# *Restated to comply with AIFRS*

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

Corporate directory



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Dr A Milnes – General Manager Environmental Strategy

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