



**Chairman's Address
Annual General Meeting
26 April 2006**

2005 was an important year in ERA's history because of the significant change in the company's share ownership. I would like to begin my address to you today with details of this significant development.

As you know, towards the end of 2005, the company's structure was simplified, and its public ownership widened, as the former B and C class shareholders sold their stake in ERA.

These shareholders, Cameco, Cogema and Japan Australia Uranium Resources Development Company (JAURD), decided for their individual strategic reasons to sell their shares. The B and C class shares they held were a result of the formation of ERA 25 years ago. All shareholders now have the same class of share and the public shareholding in the company has risen to 31.6 per cent.

There has been a considerable increase in trading of the company's shares as a result, and much more interest by the investment community in the company's affairs. Rio Tinto's stake in the company was unaffected by the change in the share structure, and remains at 68.4 per cent. In the course of last year, three directors from the B and C class shareholders resigned, and I would like to thank Ron Matthews, Stephen Mann and Hideki Toyomatsu for their contribution to the company over many years.

I am pleased to report that the fortunes of the uranium mining industry have continued to improve over the past year. Prices have continued to strengthen, reflecting higher demand as the world looks more favourably on the nuclear option for power supplies. The growing debate about climate change has focused attention on non-fossil fuel alternatives, and nuclear is clearly an attractive alternative for base-load power supply, with minimal greenhouse gas emissions.

ERA's net profit after tax rose ten per cent to \$40.7 million, compared with a profit of \$37.0 million for the same period in 2004. Profit before interest and tax totalled \$65.3 million, a 53 per cent increase on 2004. The results were driven by a steady rise in ERA's average realised price of uranium oxide from US\$13.68 per pound in 2004 to US\$16.00 per pound in 2005. A final dividend of 17 cents per share fully franked was declared for the year.

ERA's revenue is only partially influenced by current market prices. ERA's customers are international power companies that are concerned to ensure fuel supply security for considerable periods into the future, and all of ERA's production is under long-term contracts.

The prices ERA received for its production in 2005 therefore were, for the most part, negotiated several years ago when prices were at lower levels and ERA was concerned to ensure that the company retained its economic viability. Thus many contracts entered into at that time have pricing floors and ceilings that, while protecting ERA on the downside, also limit the price participation on the upside. These legacy contracts will progressively expire beyond 2006 and new contracts currently being let will reflect the higher price levels that we are now seeing.

While ERA's production in 2005 was a record, ERA can sell as much uranium as it can produce and the forward order book is strong.

There has been a lot of publicity in recent weeks about China as a potential market for Australian uranium. As you know, Australian uranium producers can only sell to countries that have a bilateral safeguards agreement in place. We operate under a strict regulatory regime for the production and supply of uranium and we welcome the diligent administration of these requirements by the Australian Government. Australia and China recently signed such an agreement but it will not come into force until ratified by the Australian Parliament and the Chinese political process. The company welcomes progress towards opening up this new market.

With a view to strengthening ERA's marketing presence and depth, the company entered a marketing agreement with Rio Tinto Uranium in 2005. Several of ERA's most experienced marketers joined RTU, and we are experiencing a smooth transition to the new marketing arrangements.

The improvement in the market price of uranium oxide enabled the company to extend its operating life by three years to 2014 through the lowering of the cut-off grade from 0.12% to 0.08% uranium oxide. This, together with changes in the mine plan, has increased Ranger's reserves by more than 6,000 tonnes.

ERA's Ranger lease is located in one of the world's premier uranium provinces. With a stronger outlook for the industry, ERA has significantly increased exploration spending. We hope this will lead to an increase in the known ore reserves and resources, and the discovery of new deposits.

ERA's operating performance lifted markedly in 2005 and our record production is clear evidence of this. ERA is committed to continuous improvement and there will be no let-up in striving for even better performance. Equally satisfying was the significant improvement in safety.

The water treatment plant was constructed on time and within budget. Control of process and run-off water is a key environmental factor for ERA and the construction of the plant at the considerable capital cost of \$28 million is testament to ERA's commitment to first class environmental standards.

Relationships with Traditional Owners and other key Northern Territory stakeholders continued to strengthen, reinforcing the wisdom of the decision to move ERA's head office to Darwin two years ago.

The Jabiluka deposit remains a valuable asset to the company, and the long negotiations over an agreement for the project were finalised in February 2005. The Jabiluka Long Term Care and Maintenance Agreement formally recognises the reality that the Jabiluka deposit will not be developed against the wishes of the Traditional Owners, the Mirarr people. There has been an increased effort to build relations with the Mirarr, and Mr Kenyon-Slaney will say more about that issue, and about the dialogue on the future of the town of Jabiru, established when the company began its operations.

While the Australian public and policy-makers continue to debate the pros and cons of expanding uranium mining in Australia, those of us in the industry are welcoming the growing understanding of nuclear issues.

Nuclear power now makes up 16 per cent of total global electricity production. As leading countries around the world review their national energy policies and address the need to reduce carbon dioxide and other greenhouse gas emissions there is increasing pressure for nuclear energy to be given full and serious consideration.

While energy efficiency and renewables have an important role to play, arguments that fossil fuels and nuclear energy can be phased out in the medium term, and that solar and wind-powered options can fill the gap, are now almost universally regarded as unrealistic. Nuclear power and hydro-electricity are currently the only mature technologies that can supply baseload electricity, cost-effectively, with low greenhouse gas emissions.

In 2005, a total of 31 countries operated 443 commercial nuclear reactors, with 25 more under construction, according to the International Atomic Energy Agency. France and Lithuania obtain around three-quarters of their power from nuclear energy, while Belgium, Bulgaria, Hungary, Slovakia, South Korea, Sweden, Switzerland, Slovenia and the Ukraine get one-third or more. Japan, Germany and Finland obtain more than a quarter of their power from nuclear energy, while the USA, with the largest number of reactors, obtains one-fifth of its power from nuclear plants. China and India are embarking on ambitious nuclear power programs to support their growing populations and increasing economic development.

The Australian Government has begun a two-pronged process for increasing community dialogue on Australia's involvement in this industry, firstly through the government/industry discussions under the Uranium Industry Framework, and secondly through the House of Representatives Standing Committee on Industry and Resources.

ERA has been centrally involved in both these forums, and will continue to play a part, as the industry turns more attention to winning community support.

Thank you, and I would now like to invite the Chief Executive, Mr Harry Kenyon-Slaney to talk about our operations.