



ERA Energy Resources of Australia Ltd
ACN 008 550 865

**Chairman's Address – Dr David Klingner
Annual General Meeting
27 April 2005**

Venue: Shangrila Hotel, Sydney Australia

I would like to take this opportunity to thank the recently retired Chairman, Brian Horwood, for his contribution to the company. Brian was formerly the Managing Director of Rio Tinto Australia, and ERA's Chairman from April, 2002 until January this year. I'm sure we all wish him well in his retirement. And I would also like to take the opportunity to thank Dr Brian Hickman, an independent Director who resigned from the Board in October last year, for his many years of service.

Ladies and Gentlemen,

It is pleasing to report that after some difficult years the fortunes of the uranium mining industry appear to be improving. Prices have strengthened considerably over the past year, as countries around the world re-consider the nuclear option. The growing debate about climate change, and greenhouse gas emissions, has brought attention back to the nuclear option for base-load power supply. Some high-profile environmentalists on the international scene now advocate nuclear power as an important part of the energy mix for the future, as we tackle problems associated with fossil fuels.

As an important part of the nuclear fuel cycle, uranium producers like ERA are benefiting from the higher prices for our product, and the better-informed debate on nuclear issues. There are still important political and land access issues hampering development of uranium mines in Australia, but it is encouraging to see that after some difficult years in the industry, the outlook is now much more positive.

Last year a total of 31 countries operated 439 commercial nuclear reactors globally, with 25 more under construction. France, for instance, draws around three quarters of its power supply from nuclear sources, Japan and Germany one quarter or more, and the USA one fifth. China and India are embarking on ambitious nuclear power programs to support their growing populations and their economic development.

The market price for uranium oxide has risen strongly for the second year in succession and has reached a level where there is increased interest in new investment in exploration and mine development.

We believe further strengthening in prices is still required to reinforce the appetite for new investment globally.

Turning our attention to the local scene, ERA faced some difficult operational and reputational issues in 2004, which the Chief Executive will go into in more detail in his address to you. In spite of these issues, the company achieved record production, and a sharp increase in profit after tax, rising from \$19.9 million in 2003 to \$38.6 million in 2004. A significant contributor to profit was a positive decision in a Tax Case which had been pending for several years.

A final dividend of 17 cents per share was declared for the year, a significant increase on the 11 cents declared the previous year.

Turning to health and safety issues, Mr Kenyon-Slaney will have more to say on the detail, but I want to re-affirm that the company is working hard to improve our performance in these areas.

The water contamination incident last March, and the radiation clearance incidents involving mobile equipment, highlighted the need for improved management and control procedures, and we have taken these steps decisively. The company was audited by the Commonwealth government on three occasions on a range of health and safety issues up to January this year, and passed each audit.

Nevertheless, we still have a way to go before we are clear of the consequences of these issues. The company has been charged by the Northern Territory government with breaches of the Mining Management Act in relation to the water contamination incident, and the equipment clearance incidents, with court hearings to take place in May 2005.

When you look at our financial statements in this Annual Report you will see that cost improvement must be a high priority for the company in 2005. Nevertheless, I think it is important to note that the record production for the last two years has been made possible through plant reliability guaranteed by higher maintenance expenditure. Cost improvements must, of course, not be made at the expense of health, safety and environmental issues.

Of particular significance in the environment area was the commitment of the company to the construction of a Water Treatment Plant at a significant capital cost of \$28 million. The plant will go a long way to assuring all stakeholders of the environmental integrity of the operation. Harry will give further details in his address.

ERA takes its environmental responsibilities seriously, and as you know we set aside a certain amount each year to cover rehabilitation should the operations close immediately. Management has recently been looking at detailed plans for eventual mine closure, presently expected beyond 2011.

This closure work is ongoing, and firm plans and associated costs are still being determined. But I should take this opportunity to let you know we do expect a material impact on annual profits.

In our Annual Report we state that we will be presenting our accounts under the new International Financial Reporting Standards in May. With this extra closure work this may be deferred until the half yearly accounts.

Improved market conditions led to a re-optimisation study of the Ranger Pit No. 3, and resulted in a slight increase in the size of the final pit. As well, new drilling information and re-interpretation of the base of the orebody, and additional ore found during mining, added an extra 5,972 tonnes of uranium oxide to the reserves.

Further work on resource development is planned in 2005 to prove the viability of the Ranger No. 3 orebody at depth, and to examine the possibility of treating low-grade resource stockpiles. We also plan to more fully explore the Ranger lease for further ore occurrences.

It is important to note as we plan for the future of ERA that a landmark agreement over Jabiluka was recently reached with the Traditional Owners, the Mirarr Gundjeihmi people, who are the recognised owners of our Ranger and Jabiluka leases. The Jabiluka Long Term Care and Maintenance Agreement that we signed with the Mirarr and Northern Land Council formally recognises the reality that the Jabiluka deposit will not be developed against the wishes of the Traditional Owners. Jabiluka, located 22 kilometres north of our operational mine at Ranger, is one of the largest undeveloped uranium deposits in the world. The challenge for ERA is to work more closely with the Mirarr people to demonstrate to them that development of Jabiluka is in their interests as well as in the interests of the company and the shareholders.

It is worth noting that the relationship of ERA with the Aboriginal landowners, and other stakeholders, has benefited from the decision to move our corporate head office from Sydney to Darwin in early 2004.

This move has enabled the company to be clearly identified as one with its present and future in the Northern Territory. It has allowed management to develop closer links with key stakeholders which is so important to all the business activities of the company, particularly its external and community relations. So, all in all, I think a very good move for the company.

Thank you.

And now I would like to invite the Chief Executive, Mr Harry Kenyon-Slaney, to make some comments.