



ERA

Energy Resources of Australia Ltd

ABN 71 008 550 865

INVESTOR TELECONFERENCE BRIEFING

Wednesday 01 February 2006
by Harry Kenyon-Slaney, Chief Executive
on 2005 ERA Annual Financial Results

GOOD AFTERNOON LADIES AND GENTLEMEN

MY NAME IS HARRY KENYON-SLANEY AND I AM THE CHIEF EXECUTIVE OF ERA. I WOULD LIKE TO WELCOME YOU ALL TO THIS PRESENTATION TO ANALYSTS WHICH IS THE FIRST ONE CONDUCTED SINCE THE RESTRUCTURING OF THE CAPITAL BASE OF THE COMPANY LATE IN 2005.

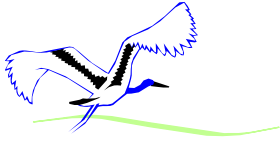
I AM JOINED BY ROD ANTAL, THE CHIEF FINANCIAL OFFICER AND BY AMANDA BUCKLEY – MANAGER EXTERNAL RELATIONS.

THE PURPOSE OF TODAY'S PRESENTATION IS TO PROVIDE YOU WITH A BRIEF OVERVIEW OF OUR 2005 RESULTS AND, FOLLOWING THIS, TO GIVE YOU AN OPPORTUNITY TO ASK ROD AND ME SOME QUESTIONS.

2005 HAS BEEN A SOLID YEAR FOR ERA DURING WHICH WE HAVE BUILT UPON SOME OF THE IMPROVEMENTS INITIATED DURING 2004.

THE HIGHLIGHT FOR ME WAS OUR SAFETY PERFORMANCE WHICH DELIVERED A 73% IMPROVEMENT IN OUR LOST TIME INJURY FREQUENCY RATE AND A REDUCTION IN THE NUMBER OF LOST TIME INJURIES FROM 12 TO 5. WHILE NO INJURY IS ACCEPTABLE IT WAS PLEASING THAT NONE OF THOSE THAT DID OCCUR WERE OF A SERIOUS NATURE AND OUR FOCUS FOR THIS YEAR IS TO DRIVE BOTH OF THESE STATISTICS TO ZERO.

A STRONG FOCUS ON SAFETY IS A SIGN OF A STABLE OPERATON AND OUR SAFETY PERFORMANCE FLOWED THROUGH TO PRODUCTION WHERE WE ACHIEVED A NEW RECORD OF 5,910 TONNES OF URANIUM OXIDE – A 15% IMPROVEMENT OVER 2004.



FULL YEAR EARNINGS, WHICH FOR THE FIRST TIME WERE ISSUED UNDER THE AUSTRALIAN EQUIVALENT OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS OR AIFRS, ROSE 10% TO \$40.7 MILLION. THIS WAS DRIVEN BY A STEADY RISE IN THE AVERAGE REALISED PRICE OF URANIUM OXIDE FROM US\$13.68 PER POUND IN 2004 TO US\$16.00 PER POUND IN 2005.

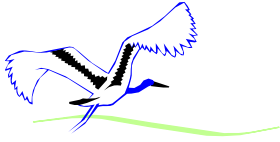
WHILE CLEARLY THIS AVERAGE REALISED PRICE FALLS SHORT OF THE IMPROVEMENT IN THE CURRENT MARKET PRICE, WHICH ROSE 50% TO US\$36.15 PER POUND BY YEAR END, IT WAS A STEADY PERFORMANCE THAT REFLECTS THE FACT THAT EXISTING CONTRACTS WERE LET UNDER VERY DIFFERENT MARKET CONDITIONS.

TOTAL SALES OF URANIUM OXIDE FOR THE YEAR WERE MARGINALLY UP ON 2004 AT 5,688 TONNES. WHEN ADJUSTED FOR MATERIAL PURCHASED FROM THIRD PARTIES SALES OF OUR OWN MATERIAL WERE 5,552 TONNES, A YEAR ON YEAR INCREASE OF 10.5%.

ERA'S REVENUE IS ONLY PARTIALLY INFLUENCED BY MARKET PRICES AND THIS WILL PERSIST AS WE CONTINUE TO MAINTAIN A BALANCED CONTRACT PORTFOLIO BY PLACING NEW CONTRACTS AT HIGHER PRICES, AS OLD ONES EXPIRE. YOU SHOULD APPRECIATE THAT THE TIMING AND DISTRIBUTION OF SALES DURING A YEAR CAN VARY MARKEDLY DEPENDING UPON CUSTOMER REQUIREMENTS.

EARNINGS WERE AFFECTED BY A STRONGER EXCHANGE RATE, WHICH HAD A NEGATIVE IMPACT OF APPROXIMATELY A\$7MILLION IN REVENUE. IN ADDITION REVENUE OF A\$10.3 MILLION HAS BEEN DEFERRED DUE TO THE ACCOUNTING TREATMENT APPLIED TO SOME MATERIAL BORROWED BACK FROM AN EXISTING CUSTOMER.

A DEGREE OF COST PRESSURE WAS EXPERIENCED, PARTICULARLY IN THE AREAS OF EMPLOYEE COSTS (WHERE EMPLOYEE NUMBERS ROSE IN LINE WITH THE ADDITIONAL OUTPUT IN BOTH THE MINE AND THE PROCESSING PLANT), DIESEL EXPENDITURE AND CONSUMABLE USAGE. ON A UNIT OF PRODUCTION BASIS,



HOWEVER, TOTAL OPERATING COSTS DID NOT INCREASE AND WERE ALMOST EXACTLY THE SAME AS LAST YEAR.

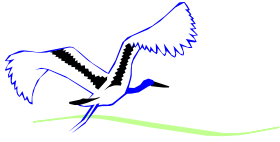
AS PREVIOUSLY FORESHADOWED A PRIMARY USE OF CASH IN 2005 HAS BEEN THE CONSTRUCTION OF A WATER TREATMENT PLANT, OF WHICH MORE IN A MINUTE. THE BOARD OF DIRECTORS HAS RECOMMENDED A FINAL DIVIDEND OF 11 CENTS PER SHARE WHICH, WHEN COMBINED WITH THE 6 CENTS DECLARED AT THE HALF YEAR, REPRESENTS TOTAL DIVIDEND OF 17 CENTS PER SHARE OR THE SAME RATE AS 2004.

SOUND ENVIRONMENTAL MANAGEMENT IS OUR LICENCE TO OPERATE AND DURING THE YEAR WE COMPLETED THE CONSTRUCTION OF A NEW WATER TREATMENT PLANT AT A COST OF \$28 MILLION. THE PLANT WAS COMPLETED UNDER BUDGET AND IS ALREADY TREATING AND DISCHARGING PURIFIED WATER AS PART OF A FINAL COMMISSIONING PROGRAMME. WHILE THIS PERHAPS SOUNDS LIKE AN OPERATIONAL DETAIL, THE CONSTRUCTION OF THIS PLANT PROVIDES THE COMPANY, FOR THE FIRST TIME, WITH A REAL TOOL WITH WHICH TO MANAGE SURPLUS WATER BOTH NOW AND INTO THE FUTURE WHEN RANGER ULTIMATELY CLOSES AND THE SITE HAS TO BE REHABILITATED.

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%. THIS, COMBINED WITH THE PIT EXPANSION ANNOUNCED THIS TIME LAST YEAR, HAS ADDED AN ADDITIONAL 12 556 TONNES OF URANIUM OXIDE TO RESERVES OVER THE PAST 12 MONTHS.

YOU MAY HAVE NOTICED THAT THERE HAS BEEN A NUMBER OF SMALL ADJUSTMENTS TO THE RESERVES AND RESOURCES STATEMENT FOR JABILUKA. THE CHANGES ARE THE RESULT OF THE ANNUAL ASSESSMENT AND RECONCILIATION AND THE NET EFFECT IS NEUTRAL.

THE COMPANY CONTINUES TO PROGRESS ITS GEOLOGICAL EXPLORATION PROGRAMME. AS ADVISED PREVIOUSLY TO THE MARKET, AIRBORNE



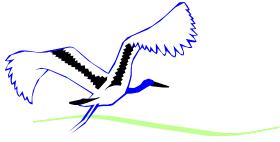
GEOPHYSICAL EXPLORATION, TOGETHER WITH SELECTIVE DRILLING, TOOK PLACE DURING 2005. THE FOCUS OF THIS WORK WAS TWOFOLD:

- FIRSTLY TO DETERMINE WHETHER IT MIGHT BE ECONOMIC TO CONSIDER ANY EXPANSION OF THE EXISTING RANGER PIT AND,
- SECONDLY, TO DETERMINE IF THERE ARE ANY OTHER OPPORTUNITIES ON OUR EXISTING LEASE.

ANALYSIS OF THIS DATA IS CONTINUING AND IT HAS MERITED A CONTINUATION OF THE DRILLING PROGRAMME ON THE RANGER PROJECT AREA INTO 2006. YOU WILL APPRECIATE THAT INTERPRETATION OF THIS TYPE OF DATA TAKES TIME AND IT IS TOO EARLY TO COMMENT ANY FURTHER ON THIS WORK.

RANGER IS AN IMPORTANT PART OF THE REGIONAL COMMUNITY AND OUR INTERACTION EXTENDS TO A WIDE RANGE OF STAKEHOLDERS, BOTH POLITICAL AND ECONOMIC, ON MANY ISSUES. EFFORTS CONTINUE TO STRENGTHEN RELATIONSHIPS WITH THE COMMUNITY AND TRADITIONAL OWNERS PARTICULARLY IN THE AREAS OF ENVIRONMENTAL MANAGEMENT AND SOCIAL SUPPORT AND PLANNING FOR THE FINAL CLOSURE OF THE CURRENT RANGER OPERATION.

WE RECOGNISE THAT IN THE PRESENT MARKET ENVIRONMENT THERE IS SPECULATION ABOUT THE PROSPECTS FOR THE DEVELOPMENT OF OUR JABILUKA PROJECT. I WISH TO REITERATE THAT, IN LINE WITH PREVIOUS STATEMENTS, IN FEBRUARY LAST YEAR, WE SIGNED AN AGREEMENT WITH THE MIRARR PEOPLE AND THE NORTHERN LAND COUNCIL, IN WHICH WE UNDERTOOK NOT TO DEVELOP THE PROJECT WITHOUT THE CONSENT OF THE TRADITIONAL OWNERS. WE INTEND TO HONOUR THIS AGREEMENT. WHAT I CAN SAY, HOWEVER, IS THAT ALL PARTIES WITH AN INTEREST IN THE WEST ARNHEMLAND REGION – TRADITIONAL OWNERS, GOVERNMENT, PARKS AUSTRALIA NORTH, COMMUNITY AND BUSINESS, ARE ALL ACTIVELY CONSIDERING THE IMPLICATIONS OF THE ULTIMATE CLOSURE OF RANGER AND I AM CONFIDENT THAT THIS PROCESS WILL CONTINUE IN A CONSTRUCTIVE ATMOSPHERE.



LOOKING FORWARD, THIS IS CERTAINLY AN EXCITING TIME FOR THE COMPANY AND THE BROADER URANIUM MINING INDUSTRY AND NATURALLY WE WELCOME THE RENEWED GLOBAL INTEREST IN THE USE OF NUCLEAR POWER AS PART OF A BALANCED ENERGY PORTFOLIO.

FROM A PERFORMANCE PERSPECTIVE, THE COMPANY EXPECTS SALES IN 2006 TO BE AT A SIMILAR LEVEL TO 2005 AND OF THIS NEARLY ALL WILL BE SOLD INTO EXISTING CONTRACTS. WE WILL CONTINUE TO STRIVE TO IMPROVE OUR OPERATING PERFORMANCE AND WE WILL BE KEEPING A CLOSE WATCH ON COSTS IN THE PRESENT PERIOD OF STRONG GROWTH IN THE AUSTRALIAN MINING INDUSTRY

WITH THAT ROD AND I ARE HAPPY TO TAKE ANY QUESTIONS.

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