

**ERA****Energy Resources of Australia Ltd**ABN 71 008 550 865

INVESTOR TELECONFERENCE BRIEFING

Thursday 01 February 2007
by Harry Kenyon-Slaney, Chief Executive
on 2006 ERA Annual Financial Results

GOOD MORNING LADIES AND GENTLEMEN

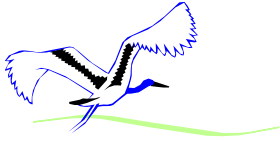
MY NAME IS HARRY KENYON-SLANEY AND I WOULD LIKE TO WELCOME YOU ALL TO THIS PRESENTATION FOR ANALYSTS AND INVESTORS WHICH IS THE SECOND YEAR-END BRIEFING HELD IN THIS FORM SINCE THE RESTRUCTURING OF THE CAPITAL BASE OF THE COMPANY LATE IN 2005.

THIS TELEPHONE CONFERENCE REPRESENTS MY LAST BRIEFING TO YOU. AS OUTGOING CHIEF EXECUTIVE OF THE COMPANY I WILL SHORTLY BE LEAVING TO TAKE UP A NEW POSITION WITHIN RIO TINTO. I AM SUCCEEDED BY CHRIS SALISBURY, PREVIOUSLY THE GENERAL MANAGER OPERATIONS OF THE COMPANY, WHO WAS APPOINTED TO THE BOARD YESTERDAY.

I AM JOINED BY CHRIS BATEMAN, 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 2006 RESULTS AND, FOLLOWING THIS, TO GIVE YOU AN OPPORTUNITY TO ASK CHRIS AND ME SOME QUESTIONS.

FROM AN OPERATIONS PERSPECTIVE 2006 PRESENTED US WITH A NUMBER OF SIGNIFICANT CHALLENGES. AS PREVIOUSLY ADVISED THE EXTRAORDINARY RAINFALL DURING THE 2005/06 WET SEASON, EXACERBATED AS IT WAS BY THE EFFECT OF CYCLONE MONICA, LIMITED OUR ACCESS TO HIGH GRADE ORE IN THE PIT IN THE SECOND AND THIRD QUARTERS. THE RESULT WAS THAT ANNUAL PRODUCTION FOR THE YEAR WAS REDUCED BY 20% TO 4,748 TONNES. THIS SAID THE RECOVERY IN THE FOURTH QUARTER, WHICH REPRESENTED A NEW PRODUCTION RECORD FOR THE COMPANY, WAS PLEASING.



IT IS ALSO PLEASING TO BE ABLE TO REPORT A FURTHER IMPROVEMENT IN THE COMPANY'S SAFETY PERFORMANCE. THE NUMBER OF EMPLOYEES THAT SUFFERED AN INJURY THAT REQUIRED MEDICAL TREATMENT REDUCED FROM 14 IN 2005 TO 10 IN 2006, A 28% REDUCTION. IT IS OUR FIRM BELIEF THAT IT IS POSSIBLE TO PERFORM WITHOUT HARMING ANYONE AND THE SENIOR MANAGEMENT TEAM WILL BE REDOUBLING ITS EFFORT TO CONTINUE THIS POSITIVE TREND IN 2007.

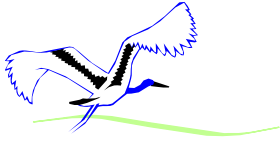
FULL YEAR EARNINGS ROSE 7% TO \$43.6 MILLION. THIS WAS DRIVEN BY A RISE IN THE AVERAGE REALISED PRICE OF URANIUM OXIDE FROM US\$16.00/LB TO US\$18.36/LB, OFFSET BY COST INCREASES AND A PARTIAL WRITE OFF OF THE ACID PLANT.

I WOULD LIKE TO TACKLE THE REVENUE SIDE FIRST.

SALES VOLUMES ROSE MARGINALLY OVER 2005 TO 5,760 TONNES. THE LOWER PRODUCTION IN THE SECOND AND THIRD QUARTERS MEANT THAT A SMALL, SHORT TERM LOAN WAS OUTSTANDING AT YEAR END, BUT I CAN ADVISE THAT THIS WAS REPAID IN JANUARY 2007.

ONCE AGAIN THE REALISED AVERAGE PRICE ERA ENJOYED FOR ITS PRODUCT FELL WELL SHORT OF THE LONG TERM MARKET PRICE WHICH ROSE A FURTHER 99% TO END 2006 AT US\$72/LB. AS I HAVE REPEATED OFTEN, THE PRICE CAPS THAT WERE FORCED UPON PRODUCERS IN WEAKER MARKETS WILL CONSTRAIN THE UPSIDE DISPROPORTIONATELY IN SUCH STRONG MARKETS. THE COMPANY HAS A STRONG PRESENCE ACROSS ALL MARKET REGIONS AND WE HAVE BEEN LETTING NEW CONTRACTS AS OLD ONES EXPIRE THROUGHOUT THIS UPWARD CYCLE. THESE NEW CONTRACTS, WITH ZERO VOLUME FLEXIBILITIES AND EVEN DELIVERIES ACROSS THE YEAR, WILL RESULT IN ENHANCED EARNINGS IN THE YEARS AHEAD.

I APPRECIATE YOUR DESIRE TO UNDERSTAND MORE PRECISELY THE EARNINGS IMPACT OF OUR CHANGING CONTRACT PORTFOLIO. HOWEVER, IN THE PRESENT TIGHT MARKET, I CONTINUE TO BELIEVE THAT AS A PURE URANIUM SUPPLIER OUR



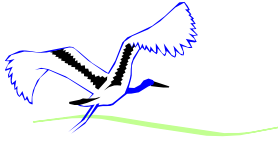
GEARING TO THE MARKET PRICE, AND OUR FORWARD COMMITMENTS, REMAIN SENSITIVE PIECES OF INFORMATION THE RELEASE OF WHICH IS NOT IN OUR COMMERCIAL INTERESTS.

THE SECOND MAJOR INFLUENCE ON EARNINGS HAS BEEN A RISE IN COSTS.

WHILST PRODUCTION WAS LOWER, EMPLOYEE BENEFITS AND CONTRACTOR EXPENSES ROSE BY A\$22.9 MILLION OVER THE PRIOR YEAR, OFF SET BY A\$9.1 MILLION REDUCTION IN RAW MATERIALS USAGE. WHILE THERE WAS CERTAINLY AN INDUSTRY WIDE ELEMENT TO THIS (THROUGH CONSUMABLES PRICING, CONTRACTOR RATES AND EMPLOYEE REMUNERATION) THERE WERE ALSO SOME SPECIFIC AREAS THAT MERIT MENTION. THESE WERE THE COSTS OF RECOVERING FROM THE WET SEASON NOT COVERED BY INSURANCE CLAIMS (FOR EXAMPLE WATER REMOVAL, PUMPING, IRRIGATION SYSTEM OPERATION), THE IMPACT OF THE SHORTAGE OF SULPHURIC ACID THAT WAS DISCUSSED AT THE HALF YEAR, THE EXPANSION OF THE EXPLORATION PROGRAMME AND A GREATER USE OF CONTRACTOR SERVICES TO DRIVE IMPROVEMENT.

THE COMPANY HAS BEEN CONSUMING MORE ACID THAN IT CAN PRODUCE FROM THE EXISTING PLANT THAT IS NOW 25 YEARS OLD. A TOTAL OF \$6 MILLION WAS SPENT ON IMPORTING EXTRA ACID DURING THE YEAR. A NUMBER OF LONG TERM OPTIONS TO REMOVE THIS CONSTRAINT HAVE BEEN INVESTIGATED AND WE WOULD LIKE TO ADVISE THAT FROM THE THIRD QUARTER 2007, THE ACID PLANT WILL BE DECOMMISSIONED AND THE COMPANY'S ENTIRE REQUIREMENT WILL BE IMPORTED THROUGH THE PORT OF DARWIN.

A FIVE YEAR CONTRACT HAS BEEN SIGNED AND CONSTRUCTION OF STORAGE AND UNLOADING INFRASTRUCTURE BY THE VENDOR IS ALREADY UNDERWAY. THE EXISTING PLANT, WHICH STILL PRESENTS AN OPERATIONAL RISK, WILL CONTINUE TO OPERATE UNTIL ALL SULPHUR STOCKS HAVE BEEN CONSUMED, WHERE UPON THE REMAINING ASSET VALUE WILL BE WRITTEN OFF. A CHARGE OF \$4.7 MILLION WAS TAKEN IN 2006 COVERING REHABILITATION WORK OVER THE PAST 18 MONTHS RECORDED IN CONSTRUCTION WORK-IN-PROGRESS AND A SIMILAR CHARGE CAN BE EXPECTED IN 2007.



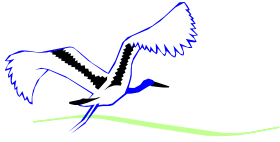
THE COMPANY CONTINUES TO INVEST IN THE REFURBISHMENT OF THE PLANT AND EQUIPMENT IN ORDER TO SUPPORT CONSISTENTLY HIGHER PRODUCTION RATES. THIS HAS INVOLVED A RISE IN EMPLOYEE NUMBERS AND AN INCREASE IN THE USE OF CONTRACTORS IN AREAS SUCH AS MAINTENANCE, TECHNICAL STUDIES, EXPLORATION DRILLING, ACCOMMODATION AND SUPPORT SERVICES.

THIS REFURBISHMENT HAS BEEN THE PRIMARY USE OF CASH OVER RECENT YEARS. LOOKING FORWARD, THE STRONG MARKET PRESENTS ERA WITH A NUMBER OF OPPORTUNITIES TO BOTH INCREASE AND ADVANCE OUTPUT AND TO EXTEND ITS OPERATIONAL LIFE.

IN OCTOBER LAST YEAR THE COMPANY ANNOUNCED THAT PROCESSING ACTIVITIES WILL BE EXTENDED FROM 2014 TO 2020 THROUGH THE SCREENING OF LOW GRADE STOCKPILES. THIS RESULTED IN ORE RESERVES INCREASING BY 11,100 TONNES OF URANIUM OXIDE.

IN PARALLEL, WE HAVE BEEN WORKING ON IDENTIFYING WAYS OF ECONOMICALLY EXTRACTING MORE OF THE URANIUM CONTAINED IN THESE LOW GRADE STOCKPILES. YESTERDAY THE BOARD AGREED TO THE EXPENDITURE OF \$13.2 MILLION ON ONE RADIOMETRIC SORTING UNIT. THIS TECHNOLOGY, WHICH HAS BEEN USED SUCCESSFULLY IN THE PAST AT THE MARY KATHLEEN MINE, ALLOWS MATERIAL CONTAINING A HIGHER URANIUM GRADE TO BE SORTED FROM MATERIAL CONTAINING LESSER AMOUNTS OF URANIUM. THIS PROJECT, WHICH HAS THE POTENTIAL TO BRING FORWARD AN ADDITIONAL 1,100 TONNES OF URANIUM OXIDE INTO THE PERIOD 2008 TO 2013, WILL ACT AS A TRIAL FOR A POSSIBLE WIDER APPLICATION OF THIS TECHNOLOGY ON THE REMAINING 40 MILLION TONNES OF LOW GRADE WASTE MATERIAL THAT IS PRESENTLY STOCKPILED ON SURFACE.

IN ADDITION TO INVESTIGATING THE PROCESSING OF LOW GRADE MATERIAL, THE COMPANY HAS SHARPLY INCREASED ITS GEOLOGICAL EXPLORATION ACTIVITY DURING 2006. WE CURRENTLY HAVE FOUR DRILLING RIGS OPERATING IN THE AREA TO THE EAST AND SOUTH OF THE RANGER PIT AND WE HAVE ALREADY COMMUNICATED OUR OBJECTIVES FOR THIS PROGRAMME, AND RELEASED SOME ENCOURAGING DRILL DATA.



AS A RESULT I CAN ADVISE THAT YESTERDAY THE BOARD APPROVED THE EXPENDITURE OF \$5 MILLION TO CONDUCT A FULL FEASIBILITY STUDY ON THE POSSIBILITY OF A MODEST EXPANSION OF THE OPEN PIT. THE STUDY, WHICH WILL BUILD ON A PRE-FEASIBILITY STUDY CONDUCTED LATE LAST YEAR, WILL BE TARGETING UP TO 6,100 TONNES OF CONTAINED URANIUM OXIDE PRESENTLY INCLUDED IN RESOURCES. IF SUCCESSFUL THIS WILL LEAD TO AN EXTENSION OF MINING IN THE PIT FROM 2008 TO 2011. THE CRITICAL ISSUES TO BE INVESTIGATED FURTHER IN THE STUDY ARE TAILINGS AND WATER MANAGEMENT, MINING SCHEDULES AND CLOSURE PLANNING.

EXPLORATION WORK IS ALSO CONTINUING TO DETERMINE WHETHER THE RANGER 3 OREBODY EXTENDS FURTHER TO THE SOUTH EAST AT DEPTH, AND ON RANGER 18 EAST. WE WILL KEEP THE MARKET INFORMED OF PROGRESS ON THESE IMPORTANT INITIATIVES OVER THE COMING YEAR.

THE COMPANY'S FOCUS ON A WIDE RANGE OF VALUE-ADDING PROJECTS HAS INCREASED THE NUMBER OF EMPLOYEES AND RAISED ECONOMIC ACTIVITY IN JABIRU. RELATIONSHIPS WITH THE COMMUNITY, AND PARTICULARLY TRADITIONAL OWNERS AND THEIR REPRESENTATIVES, CONTINUE TO IMPROVE AND THERE EXISTS INTERACTION ON MANY FRONTS, INCLUDING CULTURAL HERITAGE MANAGEMENT, CROSS CULTURAL TRAINING, AN INCREASE IN SCHOOL-BASED TRAINEESHIPS AND LONG TERM CLOSURE PLANNING. IN PARALLEL, THE FUTURE OF THE LOCAL TOWN OF JABIRU IS BEING ACTIVELY DEBATED AMONGST KEY STAKEHOLDERS INCLUDING PARKS AUSTRALIA, NORTHERN TERRITORY AND COMMONWEALTH GOVERNMENTS AND LAND OWNERS.

THE HEIGHTENED LEVEL OF INTEREST ACROSS AUSTRALIA IN THE URANIUM INDUSTRY, SUPPORTED AS IT IS BY THE OUTCOMES OF THE VARIOUS COMMONWEALTH GOVERNMENT-COMMISSIONED INQUIRIES INTO URANIUM MINING AND NUCLEAR POWER, CONTINUES TO DRIVE SPECULATION OVER THE PROSPECTS FOR THE DEVELOPMENT OF JABILUKA. I WISH TO REITERATE THAT, IN LINE WITH PREVIOUS STATEMENTS, WE REMAIN COMMITTED TO THE PROJECT BUT ONLY ON THE CONDITION THAT THE TERMS OF THE AGREEMENT STRUCK IN 2005 WITH THE MIRARR AND NORTHERN LAND COUNCIL I.E. THAT DEVELOPMENT



SHOULD ONLY PROCEED WITH THEIR CONSENT, ARE MET. WHAT I CAN SAY IS THAT, IN PARALLEL WITH OUR WORK IN THE COMMUNITY, ALL PARTIES WITH AN INTEREST IN WEST ARNHEM LAND ARE CONSIDERING THE IMPLICATIONS OF THE RECENT EXTENSION OF OPERATIONS AT RANGER OUT TO 2020.

LOOKING FORWARD THE OUTLOOK FOR URANIUM MINING APPEARS POSITIVE AS EVIDENCED BY THE MAGNITUDE OF THE CHALLENGE OF CLIMATE CHANGE. ERA IS POSITIONING ITSELF TO BENEFIT FROM THIS BY SEEKING EVERY OPPORTUNITY TO ADD VALUE BY EXPANDING, EXTENDING OR ACCELERATING OUTPUT.

FROM A PERFORMANCE PERSPECTIVE, THE COMPANY EXPECTS SALES IN 2007, POSSIBLY ACCOMPANIED BY A MODEST REPLENISHMENT OF INVENTORY IN THE LOGISTICS CHAIN, TO BE SIMILAR TO 2006.

FINALLY I WOULD LIKE TO THANK YOU ALL FOR YOUR SUPPORT AND INTEREST IN THIS COMPANY DURING MY TENURE IN WHAT HAS BEEN A MOST EXCITING AND CHALLENGING PERIOD. I AM SURE YOU WILL OFFER THE SAME SUPPORT TO MY SUCCESSOR, CHRIS SALISBURY.

WITH THAT, CHRIS BATEMAN AND I WOULD BE HAPPY TO TAKE QUESTIONS.